

Aims and Major Actions of "Cross-Value Innovation 2015"

The overarching theme of our new midterm management plan is to create more value beyond the organization and combine the respective and unique strengths of our employees, business divisions, the 4 Divisional Companies and Panasonic. Our approach to generating this value is encapsulated in the expression "Cross-Value Innovation." We believe that Panasonic will be revitalized again

if our business division system enables autonomous yet responsible management, our 4 Divisional Companies create major business strategies and Cross-Value Innovation truly functions as intended.

The main midterm actions we are taking to this end are outlined below:



Main Action

1

Turn Around Unprofitable Businesses

We intend to change the structure of our businesses so that we turn around **all** unprofitable businesses by fiscal 2016.

Main Action

2

Expand Business and Improve Efficiency Shifting from In-house Approach

We **plan** to inject external capital in the healthcare field, which is expected to grow, improve the efficiency of logistics operations, and take other steps.

Main Action

3

Improve Financial Position

We **will** work to generate free cash flows by narrowing down capital expenditures, disposing of assets, reducing working capital and taking other actions, in addition to improving the profitability of our business **itself**.

Main Action

4

Growth Strategy from Customers' Viewpoint

We **will** work step by step towards our **ideal** image of Panasonic in the future.

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data

Search

Contents

>> President's Message [FY2013 Performance Summary / Midterm Management Plan "Cross-Value Innovation 2015"]

Main Action

1

Turn Around Unprofitable Businesses

We aim to generate operating profit of 130.0 billion yen by turning around the profitability of our TV, semiconductor, mobile phone, circuit board, and optical product (drive and pickup) businesses by fiscal 2016. For the measures necessary to restructure these businesses, we estimate that it will take approximately 250.0 billion yen over the next 2 years.

Our TV business still recorded an operating loss of 88.5 billion yen in fiscal 2013, despite conducting structural reforms. Therefore, we will continue promoting structural reforms in the panel business, and efforts to improve the efficiency of distribution, as well as narrow down key markets and expand non-TV businesses, as we strive to put the TV business back into the black.

With our semiconductor business, we reached a basic agreement in February 2013 with Fujitsu Limited to look into integrating our system LSI businesses. This is aimed at raising our business value by combining each company's strengths. In other business fields, we intend to transform our business focus and promote an asset-light strategy, which could include entering into alliances. These measures are aimed at returning the semiconductor business to profitability.

In the mobile phone business, we will introduce rugged smart-phones for the BtoB market, and at the same time outsource R&D and manufacturing and take other steps to reduce fixed costs. In the circuit board business, we will shift focus to the base material and semiconductor packaging business due to intensifying competition in the smartphone circuit board market. And in the optical business, we will expand the outsourcing of manufacturing and restructure domestic sites.

Main Action

2

Expand Business and Improve Efficiency Shifting from In-house Approach

We aim to achieve growth and greater efficiency in areas where it is difficult for us to go it alone, by working more with partners that share the same business vision. Specifically, we plan to inject external capital to Panasonic Healthcare Co., Ltd. and form alliances with partners sharing the same business vision, with the project directly managed by the President.

In the distribution business, on May 24, 2013, we concluded an agreement to transfer two-thirds of the shares in Panasonic Logistics Co., Ltd. to Nippon Express Co., Ltd.

Main Action

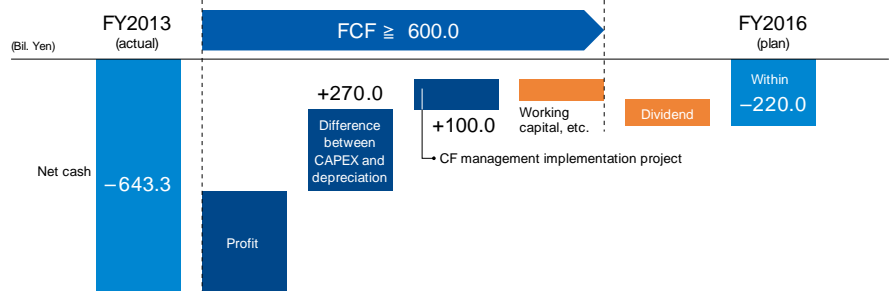
3

Improve Financial Position

We have set a target of generating 600.0 billion yen in free cash flow over the next 3 years. To achieve this target we will focus on improving profitability in our business itself, while reducing capital expenditures. In addition, we plan to continuously reduce working capital, including reducing inventory, and dispose of assets in Company-wide projects. By generating cash in excess of our initial 100.0 billion yen target, we should be able to generate positive net cash.

Through these and other actions we aim to increase our equity ratio to at least 25% in fiscal 2016 and continuously achieve ROE of at least 10%.

FCF: 600.0 Billion Yen (FY2014–2016)



Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data

Search

Contents

>> President's Message [FY2013 Performance Summary / Midterm Management Plan "Cross-Value Innovation 2015"]

Main Action

4

Growth Strategy from Customers' Viewpoint

We will pursue a "better life" for customers. In other words, we aim to create "A Better Life, A Better World" in various spaces and areas such as the home, society, business, travel and automobiles, with consumer electronics which are integral to people's lives.

Working with industrial partners closely connected with each space and area, we hope to deepen ties with customers and make an even greater contribution to their lives. Our four newly formed companies—Appliances (AP), Eco Solutions (ES), AVC Networks (AVC), and Automotive & Industrial Systems (AIS)—will be pivotal to establishing strong relationships with industrial partners.

Specific Initiative 1 Automotive Industry

We have grouped all automotive-related business divisions under the AIS Company. We will offer everything from systems to devices to maximize the core value of the automotive industry, utilizing our "Tier 1" knowledge. Proposals to this effect will be offered in three fields: comfort, safety and reassurance, and electrification. Concentrating Company-wide resources on these fields, we aim to create a 2-trillion yen business by 2018.

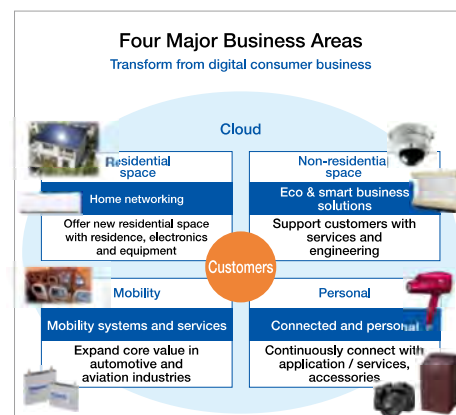
Specific Initiative 2 Residential Industry

In the residential industry, we will work to offer new value leveraging our broad knowledge of consumer electronics, equipment, electrical materials and building materials, as well as the strengths of our house building subsidiary, namely PanaHome Corporation. Our goal is to offer

"the most excellent house" utilizing our Group-wide capabilities. In April 2013, PanaHome began selling "CASART ECO CORDIS," a detached house offering both eco-consciousness and comfort. This house is expected to be a major model in Fujisawa Sustainable Smart Town, which is under construction at present in Fujisawa, Kanagawa Prefecture. Indeed, we see this as a growth field. Our goal here too is to grow the housing business, excluding the consumer electronics business, into a 2-trillion yen business by 2018.

Increasing Earnings in Four Major Business Areas

Working with our industrial partners, we will strengthen four major business areas or spaces: residential, non-residential, mobility and personal. The purpose of this move is to shift our focus from the digital consumer business to "space solutions," centered on BtoB business. Rather than selling individual products, we will shift to businesses that have a continuous connection with customers.



Financial Highlights

To Our Stakeholders

President's Message

Overview of Business Segments

ESG Information

Financial and Corporate Data

Search

Contents

>> President's Message [FY2013 Performance Summary / Midterm Management Plan "Cross-Value Innovation 2015"]

Bringing Strong Devices to a Multitude of Spaces

Together with our strategy originating in the concept of "spaces," we will also promote a strategy designed to compete on the strengths of our proprietary devices. The main focus of this strategy will be to dramatically transform our approach to the device business. Going forward, we will customize our strong core devices according to customer needs, rather than pursuing a vertically integrated business model rooted in BtoC business. Our basic strategy will be to develop an expansive range of solutions for a multitude of spaces.

Specific Initiative 1 LEDs, Air Conditioners and Displays

LED lighting offers a diverse spectrum of applications, such as the use of LED lights in combination with automotive headlights and visible light communications, in addition to a variety of room lighting.

We will also apply displays in many different settings beyond TVs, such as in-wall and in-desk displays, automotive head-up displays and public signage.

When the foregoing is combined with air conditioning devices, the device business takes on an immensely significant role within customer spaces. By bringing LEDs, air conditioners and displays to all manner of spaces, we intend to generate even more value for customers.

Specific Initiative 2 Solar Panels, Storage Batteries and Energy Saving Devices

Solar panels have started to be installed on top of automobiles, in addition to the rooftops of homes and buildings. Storage batteries are also being used as energy creating and storage systems in



Mr. Tsuga explained how Panasonic is working to create real value for its customers during his opening keynote speech at 2013 International CES. (January 2013)



conjunction with solar panels, and in automotive battery applications. We are also seeing strong demand for this business in unelectrified areas.

Furthermore, we will reduce the power consumption of various electronic devices by harnessing our diverse lineup of energy-efficient devices, including our GaN power semiconductor. Through our solar panels, storage batteries and energy-efficient devices, we will provide energy solutions for every space.

At Panasonic, management and employees are now working as one to drive reforms designed to achieve a turnaround. We ask for your continued support and understanding as we endeavor to reach this goal.

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data

Search

Contents

>> Overview of 4 Divisional Companies

>> Appliances Company >> Eco Solutions Company >> AVC Networks Company >> Automotive & Industrial Systems Company

Overview of 4 Divisional Companies

Supporting Business Division Evolution with 4 Divisional Companies

In April 2013, Panasonic introduced a 4 Divisional Company system. Each company will allocate the resources necessary for promoting the evolution of business divisions and combine the wisdom of employees. Each of these companies will undertake measures that would be difficult for business divisions to handle on a stand-alone basis. These include major business development, creating new business and strengthening key devices.

Midterm Management Plan (FY2016)

	Appliances Company	Eco Solutions Company	AVC Networks Company	Automotive & Industrial Systems Company
Net sales	1,650 billion yen*	1,770 billion yen	1,980 billion yen*	2,700 billion yen
Operating profit ratio	Over 5.5%*	4.9%	Over 5.0%*	5.0%
Cumulative free cash flows	108 billion yen	120 billion yen	Over 50 billion yen	265 billion yen

Please refer to the presentation materials for [Panasonic IR Day 2013](#) held on May 30, 2013.

* Production and sales consolidated
Production and sales consolidated includes sales and operating profit of consumer products sales divisions included in "Corporate and Eliminations" in segment information.

Appliances Company



President Kazunori Takami

PROFILE

Apr. 1978 Joined the Company
Jun. 2002 Director, Matsushita Refrigeration Company
Apr. 2005 In charge of Corporate Marketing Division for National Brand Home Appliances and Corporate Marketing Division for National Brand Wellness Products / Director, Corporate Marketing Division for National Brand Home Appliances
Apr. 2006 Executive Officer of the Company
Apr. 2008 Managing Executive Officer of the Company
Apr. 2009 President, Home Appliances Company (currently Appliances Company) (incumbent) / In charge of Lighting Company
Jun. 2009 Managing Director of the Company
Apr. 2012 Senior Managing Director of the Company (incumbent)

Eco Solutions Company



President Tamio Yoshioka

PROFILE

Apr. 1977 Joined Matsushita Electric Works, Ltd. (MEW)
Apr. 2006 Executive Officer, MEW
Jun. 2011 Director, Panasonic Electric Works Co., Ltd. (formerly MEW)
Apr. 2013 Senior Managing Officer, Eco Solutions Company
Jun. 2013 Director of the Company (incumbent)
President, Eco Solutions Company (incumbent)

President Yoshiyuki Miyabe



PROFILE

Apr. 1983 Joined the Company
Jan. 2003 Manager, R&D Planning Office
Apr. 2008 Executive Officer of the Company / In charge of Digital Network & Software Technology
Apr. 2011 Managing Executive Officer of the Company / In charge of Technology
Jun. 2011 Managing Director of the Company (incumbent)
Oct. 2012 In charge of Intellectual Property
Apr. 2013 President, AVC Networks Company (incumbent)

President Yoshihiko Yamada



PROFILE

Apr. 1974 Joined the Company
Apr. 2003 Vice President, Panasonic AVC Networks Company / Director, Systems Solutions Business Group
Jun. 2004 Executive Officer of the Company / Director, Corporate Management Division for North America / Chairman, Matsushita Electric Corporation of America
Apr. 2007 Managing Executive Officer of the Company
Apr. 2010 In charge of Industrial Sales
Jun. 2010 Managing Director of the Company
Apr. 2011 Senior Managing Director of the Company (incumbent)
Jan. 2012 In charge of Industrial Devices Business
Apr. 2013 President, Automotive & Industrial Systems Company (incumbent)

Appliances Company

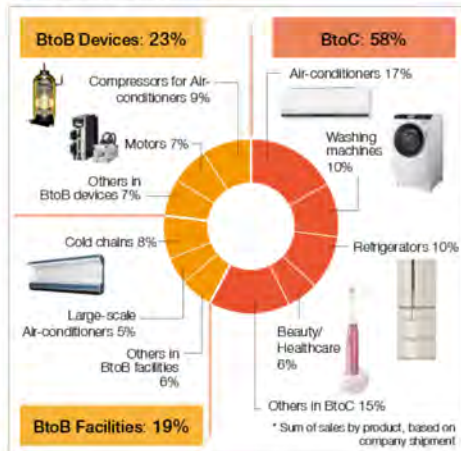
Toward Global No. 1 Appliances Company

The Appliances (AP) Company engages in the integrated operations of developing, manufacturing and selling a broad range of Panasonic Group products in the appliances field, such as BtoC products, including air conditioners, refrigerators and washing machines; BtoB facilities, including cold chain equipment and large-sized air-conditioning systems; and BtoB devices, including compressors and motors. The AP Company provides customers around the world with products and services leveraging advanced core environmental technologies.

Aiming to become the No. 1 global company in the appliances industry, the AP Company will help create enriched lives around the world and a low-carbon society.



FY2013 Sales Composition



Overview of the Appliances Company

The AP Company had 56 sites (9 in Japan and 47 overseas) and approximately 42,000 employees, as of March 31, 2013. Sales for fiscal 2013 amounted to 1,468.1 billion yen (production and sales consolidated basis*). Consisting of 9 business divisions, including the Air-conditioner Business Division (BD), and the Cold Chain BD, the AP Company is thus developing business across a wide range of categories from BtoC to BtoB.

* Production and sales consolidated includes sales and operating profit of consumer products sales divisions included in "Corporate and Eliminations" in segment information.



Midterm Management Plan

Converting Market Trends into Growth Opportunities

The AP Company's global share is shown in the diagram on the next page. In both BtoC and BtoB businesses, there is considerable room to expand market share. We see growing overseas business as being particularly important. Furthermore, we expect markets globally to steadily grow in size going forward. Demand for high-value-added products especially is projected to expand along with economic development in emerging countries. Capturing this expanding demand will accelerate growth of the AP Company.

Aiming to Become the Global No. 1 Appliances Company

The AP Company aims to become the No. 1 global company in the appliances industry by 2018. To this end, we will work to transform its profit structure. Firstly, we will work to establish a foundation for expanding business fields, so as to gradually expand its BtoB business. The AP Company aims to grow its BtoB business sales and operating profit to account for 50% and just under 60% of the company's overall sales and operating profit, respectively, in fiscal 2019. In fiscal 2013, they accounted for about 40% each.

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data

Search

Contents

>> Overview of 4 Divisional Companies

>> **Appliances Company** >> Eco Solutions Company >> AVC Networks Company >> Automotive & Industrial Systems Company

We have set some midterm management targets for fiscal 2016: sales (production and sales consolidated) of 1,650.0 billion yen and operating profit of 90.0 billion yen. On a company shipment basis, the AP Company is targeting sales of 1,230.0 billion yen, assuming 4% annual growth, mainly in BtoB businesses.

Positioning of Each Business and Key Initiatives

In order to achieve the midterm management targets, we have formulated key initiatives for three businesses: BtoC, BtoB facilities, and BtoB devices.

BtoC business: Establish stable profitability as a pillar business

The AP Company aims to steadily capture market needs by conducting marketing targeted at upper-middle and high-income earners in emerging countries, in addition to strengthening product

functions, including globally expanding ECO NAVI products, which automatically save electricity depending on the mode of use. We will endeavor to strengthen products based on customer needs and develop global product lineups in beauty and small cooking appliances, centered on value-added products. Moreover, in order to steadily expand global sales, we will push ahead with a strategy matched to each region, having defined our key markets as China, Asia, Europe and Brazil.

BtoB facilities business: Establish foundation of highly profitable businesses for the medium and long terms

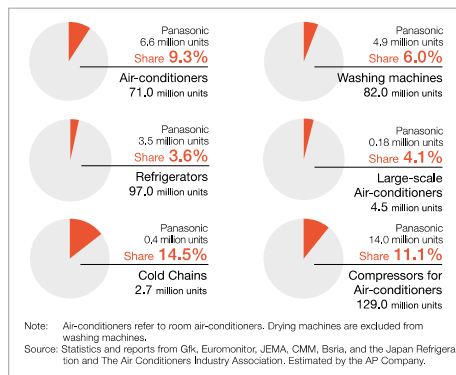
The AP Company aims to strengthen model lineups and the sales-service structure. In large-sized air-conditioning systems, we will introduce low-cost products to China and elsewhere in Asia. At the same time, we will strengthen sales and the support structure. In cold chain equipment, we plan to strengthen our lineup of environmentally

conscious models and strengthen business in Asia. Moreover, in build-in and commercial appliances and fuel cells, we intend to accelerate the pace of business development overseas.

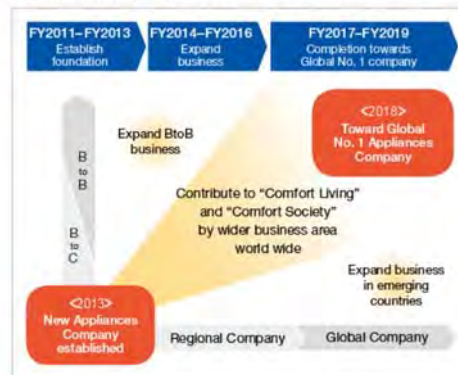
BtoB devices business: Improve profitability by business strategy transformation

The AP Company will look to raise the proportion of sales to other companies outside the Panasonic Group by leveraging its core technologies. For example, in the nano-e devices business, we will expand sales to the automotive and facility markets. In the business of compressors for air conditioners, we will make package proposals and reduce the size of products. In compressors for refrigerators, we plan to reinforce businesses in high-profit fields by increasing the proportion of sales generated by inverters and in other ways. Moreover, in vacuum insulation panels (VIPs), where we are looking to expand business overseas, we aim to dramatically raise the share of sales of panels manufactured in Thailand, while in gas meter devices we will expand sales in Europe.

Global Market Share (FY2013)



Appliance Company which Creates Customer Value



Financial Highlights

To Our Stakeholders

President's Message

Overview of All Divisional Companies

ESD Information

Financial and Corporate Data

Search

Contents

** Overview of All Divisional Companies

** Appliances Company

** Eco Solutions Company

** E-Components Company

** Automotive & Industrial Systems Company

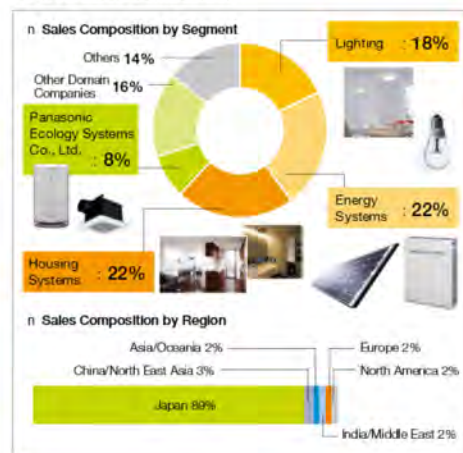
Eco Solutions Company

Providing a residential/non-residential environment where people around the world can live comfortably while reducing the environmental impact.

The Eco Solutions (ES) Company will make untiring efforts to offer solutions for creating comfortable environments for homes, office buildings, factories, and communities, while reducing environmental burden, by using our accumulated technology for creating comfortable environments and energy management technology. Furthermore, by providing optimized solutions based on full utilization of the Panasonic Group's product lineup and various services transcending product boundaries, the ES Company will create new value and contribute to the development of a sustainable society.



FY2013 Sales Composition



Overview of the Eco Solutions Company

The ES Company had approximately 55,000 employees as of March 31, 2013, and generated net sales of 1,673.2 billion yen in fiscal 2013.

The ES Company is made up of four business divisions—Lighting Business Division, Energy Systems Business Division, Housing Systems Business Division and Panasonic Ecology Systems Co., Ltd.—and 12 subordinate business units, as well as the Marketing Division (Japan) and Global Marketing Division. With the strong sales network of the Marketing Division, the ES Company will sell the products of other Companies (AP, AVC and AIS) in addition to the products and services of the ES Company. In these and other ways, it will be a driving force for growth of the Panasonic Group.

Midterm Management Targets

The ES Company's efforts are directed at building a high-profit business structure by fiscal 2019. To that end, its plans call for it to prepare for growth in new businesses in fiscal 2014 and then to expand new businesses in fiscal 2015, followed by building up a

high-profit business structure in fiscal 2016. The basic strategy in the midterm plan is to generate solid profits from core businesses and shift resources to growing business fields. The ES Company will grow core businesses in growing areas and markets, and at the same time accelerate the launch of new businesses in the energy-related field.

Through these initiatives, the ES Company aims to generate sales of 1,770.0 billion yen and achieve an operating profit ratio of 4.9% in fiscal 2016, as well as generate cumulative free cash flows of 120.0 billion yen over the three-year period covering fiscal 2014 to fiscal 2016.

Basic Strategy

Strengthen core businesses to support growth

In Japan, the ES Company will turn mainstay products into clear, No. 1 flagship products and integrate them into the company. This will entail creating housing space networks as well as eco-conscious and smart business solutions in non-residential spaces. Furthermore, we will make full use of distribution channels and contact points with

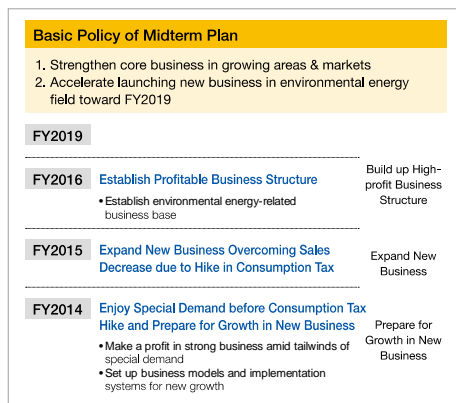
customers in showrooms and elsewhere, to develop sales activities that satisfy distributors and customers. Implementation of these strategies should strengthen core businesses in Japan.

Overseas, we plan to accelerate the growth of strong businesses in the growing markets of "AC&I" (China, India and other Asian countries), with the aim of expanding business. We will pursue the creation of oligopolies in Asia, localization in China, and concentrate resources in India. The ES Company will also expand in Middle Eastern markets, with an eye on the markets of Africa and the CIS (Commonwealth of Independent States).

New growth in the engineering business

The ES Company will shift focus from selling individual products to providing added value, including in design, construction, maintenance, monitoring and services.

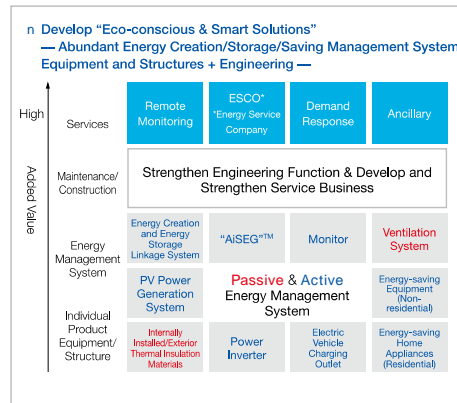
Midterm Management Vision



In the energy management system business, we plan to develop "eco-conscious & smart solutions" and thereby increase added value. For this, we will combine active products (products and equipment for creating, storing and saving energy) and passive products (interior and exterior materials and structures that achieve comfort and harmony with nature).

In the engineering & service business, the ES Company's focus is on establishing business models that best suit the market environment of each region. In China, for instance, we will concentrate on the housing interior solutions business, while in India, we aim to expand the engineering business further in the field of energy-saving solutions for non-residential buildings, such as offices, buildings and commercial facilities, through cooperation with Firepro Systems

Enhance Added Value in the Energy Management System Business

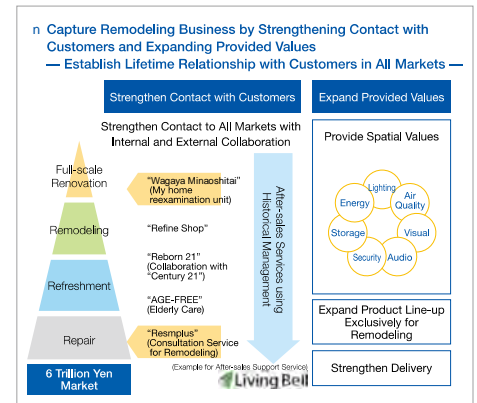


Private Limited, which Panasonic acquired in May 2012.

With the home remodeling business, our approach to targeting this market is to increase the value we provide, such as pursuing space value and expanding products especially for home remodeling, using all knowhow of the Panasonic Group in fields ranging from lighting and air quality to visual and audio. This includes providing spatial value and expanding the product lineup exclusively for remodeling. In addition, we will strengthen contact points with customers via cooperative arrangements inside and outside the Company. And by also offering after-sales services tailored to each customer, we aim to establish lifetime relationships with customers in all markets.

Steadily implementing these measures, we will provide products and services globally centered on energy solutions, as we aim to create a robust profit structure befitting an excellent company.

Strengthen Remodeling Business (Consulting Services on Living Space & After-sales Services)





AVC Networks Company

Creating Cross-Value with AV and ICT* Technologies

The AVC Networks (AVC) Company was newly formed by combining the strong BtoC and BtoB businesses of the former AVC Networks Company, which was centered on broadcasting and package media, and the former Systems & Communications Company, which was centered on communications. Fusing AV and ICT technologies, the AVC Company will create cross-value. And by utilizing cloud computing it will provide customers around the world with new value and solutions.

* ICT: Information and Communication Technology



New AVC Networks Company's Overview



Overview of the AVC Networks Company

The AVC Networks (AVC) Company had approximately 47,000 employees as of March 31, 2013, and in fiscal 2013 generated sales of 1,835.7 billion yen (on a production and sales consolidated basis¹). It covers a wide range of business areas from BtoC businesses such as TVs, video, telephones, and smartphones, to BtoB businesses such as in-flight entertainment systems, business-use PCs, surveillance cameras and infrastructure systems. The AVC Company was launched with the structures to create cross-value with technological capabilities backed by patents in each of these areas.

¹ Production and sales consolidated includes sales and operating profit of consumer products sales divisions included in "Corporate and Eliminations" in segment information.

No. of Patents Owned (Including Patent Applications)

AV Technologies		ICT Technologies	
Image compression technologies ¹	Approx. 1,500	Wireless communications technologies ²	Approx. 1,700
Hard device technologies ³	Approx. 920	Image management technologies ⁴	Approx. 3,000

¹ Patents covering the HEVC (H.265) standard, etc.

² Patents related to structures for protecting hard disks from shocks, etc.

³ Patents for transmission and circuit technologies, including police wireless, etc.

⁴ Patents for image recognition technologies, including facial, person, matching and tracking, etc.

Midterm Management Targets

The AVC Company plans to rigorously restructure underperforming BtoC businesses. With BtoB businesses, the aim is to strengthen business bases and create new businesses by providing products and solutions to customers. Furthermore, aiming to strengthen solutions businesses globally, particularly in Japan, the U.S. and Asia, we will promote greater cooperation with IT companies to develop cloud-connected products. Our midterm management targets for fiscal 2016 are to generate sales of 1,980.0 billion yen on a production and sales consolidated basis and an operating profit ratio of at least 5%. Furthermore, we aim to generate cumulative free cash flows of at least 50.0 billion yen over the 3-year period covering fiscal 2014 to fiscal 2016.

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data



Search



Contents

>> Overview of 4 Divisional Companies

>> Appliances Company >> Eco Solutions Company >> **AVC Networks Company** >> Automotive & Industrial Systems Company

Restructuring Underperforming Businesses

Reforming earnings structures is intended to improve marginal profit and reduce fixed costs, so that underperforming businesses can once again generate operating profits.

TV/panel business: rigorous profit improvement

The AVC Company plans to improve profits on a production and sales consolidated basis mainly by reforming the cost of sales of manufacturing* and increasing the profitability of the sales section. In the LCD panel business, we will shift the focus to non-TV panels such as for tablets and medical-use monitors, and strive to win more BtoB orders.

* Refers to a management technique for promoting rationalization from the product design stage

Digital still camera (DSC) business: concentrate on mirror-less cameras and high value-added compact cameras

We intend to concentrate resources on mirror-less cameras and high value-added compact cameras, and at the same time work to reduce the number of entry-level compact camera models and total fixed costs.

Mobile phone business: reduce fixed costs and shift focus to the BtoB area

By outsourcing development and production, we will shorten development timeframes and more efficiently use resources. Furthermore, we will shift focus to the BtoB business. One strategy is to promote rugged smartphones as part of the TOUGHBOOK lineup overseas.

Growth Strategy

Driving growth by developing our BtoB businesses globally and strengthening solutions businesses

Utilizing knowhow accumulated in Japan in traffic management systems, mobile phone base stations and other areas, we will develop our businesses to BtoB customers globally. And besides selling general-purpose products, we will offer customized products

and systems integration for specific industries.

For example, up to now we have delivered single products such as TOUGHBOOKs by customizing general-use PCs and in-car cameras for police cars. Leveraging this TOUGHBOOK sales channel, we now plan to widen our business to win orders for police station office surveillance systems. And taking this drive to add more layers to our business a step further, by adding value as an image analysis system, we could even widen the scope of our business areas to include public safety such as event surveillance and town security.

Accelerating alliances and M&As with partners in regions and business areas is also part of our approach to strengthening our solutions businesses.

Creating New Businesses for the Future

Enhancing the R&D organization to create cloud-connected products

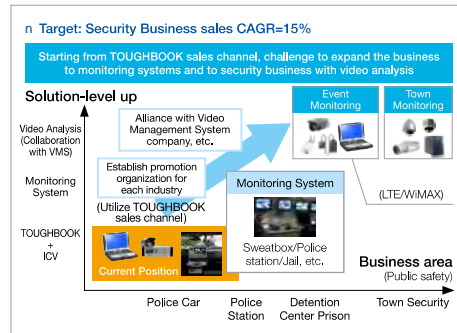
The AVC Company will partner with IT companies to promote

development of cloud-connected products. For instance, in BD (Blu-ray Disc) archives*, drawing on media and drive technologies, high-density recording and playback technologies and other technologies amassed from developing BD recorders, we can offer storage advantages such as longer life, lower maintenance, higher reliability and increased energy savings. In this way, we will support the long-term storage needs of BtoB operations handling enormous volumes of data.

For creating these cloud-connected products, we will integrate our R&D platform with that of the AIS Company, which is working to introduce information technologies into the automotive field, in Japan as part of moves to strengthen the development structure. In another move, we will establish a North American satellite office to accelerate cooperation with global IT companies for the creation of new value for customers.

* BD archives: a storage media that uses BD disks instead of hard disks for storing large volumes of data.

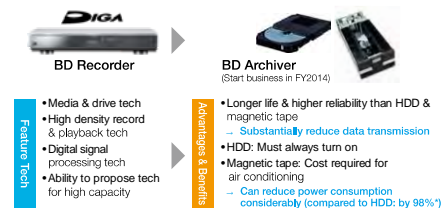
BtoB Business: Example of Leveling Up in Solution Business



BD Archiver: Example of Cloud-connected Products

- n Building partnership with IT companies, contribute to cloud business
- n Applying BtoC technology to BtoB business, create a new business

The vast volume of digital data can be stored for a long period with optical storage technology with a long life, low-maintenance, and high reliability



* While saving 100TB data for 10 years (Panasonic analysis)

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESD Information

Financial and Corporate Data



Overview of 4 Divisional Companies

Systems Company

ESD Solutions Group

ESD Products Company

Automotive & Industrial Systems Company

Automotive & Industrial Systems Company

We aim to create a better world together with customers by contributing to the automotive, industry and ICT* fields

The Automotive & Industrial Systems (AIS) Company is responsible for a wide range of products, including car-use-multimedia-related equipment, eco-car-related equipment, electrical components, electronic components, electronic materials, semiconductors, optical devices, batteries, storage battery modules, mounting-related machines for electronic components, welding equipment-related systems, and bicycle-related products. The AIS Company aims to increase value for customers centered on three fields: automotive, industry and ICT. The AIS Company will help realize ecological and smart lifestyles that are also safe and secure based on our proprietary core technologies. We will conduct marketing activities that anticipate latent customer needs and create "Cross-Value Innovation" by proposing package systems solutions.

* ICT: Information and Communication Technology



FY2013 Sales Composition



Overview of the Automotive & Industrial Systems Company

The AIS Company had 152 group companies in Japan and overseas, and approximately 111,000 employees at March 31, 2013, and sales of 2,518.0 billion yen in fiscal 2013.

The AIS Company conducts development, manufacturing, sales and service activities related to the automotive, industrial and manufacturing businesses. It is made up of four divisions (Business Development Division, Engineering Division, Automotive Marketing & Sales Division, and Industrial Marketing & Sales Division) and 18 business divisions, including operating companies. Among the newly established 4 Companies, the AIS Company accounts for the largest share of sales. With the ability to provide BtoB solutions leveraging a broad range of businesses from materials to devices and systems, the AIS Company is positioned as a new growth engine for the Panasonic Group.

Midterm Management Targets

The AIS Company aims to grow and expand profits with a focus mainly on the three fields of automotive, industry and ICT.

In terms of midterm management targets for fiscal 2016, the AIS Company aims to increase sales to 2,700.0 billion yen and elevate the operating profit ratio to 5.0%. Furthermore, it aims to generate cumulative free cash flows of 265.0 billion yen in the 3-year period from fiscal 2014 through fiscal 2016.

As a profit improvement plan, the AIS Company aims to return all business divisions to profitability in fiscal 2015, and then for 13 business divisions to achieve an operating profit ratio of over 5% in fiscal 2016. This should improve operating profit by 106.5 billion yen, including moving unprofitable businesses back into the black.

Measures for Unprofitable Businesses

The AIS Company has formulated profit improvement plans for four unprofitable businesses—portable rechargeable battery, optical, printed circuit board and semiconductor. Measures center on reducing fixed costs, streamlining, and shifting to new business areas.

Reducing fixed costs and shifting resources to fields where we can leverage our strengths

In order to reduce fixed costs, we plan to reorganize production sites in Japan and overseas. Streamlining entails increasing the overseas production ratio and the local procurement ratio of materials overseas. In the portable rechargeable battery business, we will also strive to expand in power and industrial fields where we can leverage our strengths in terms of high capacitance, high reliability and control technologies. In the optical business, we plan to downsize the optical pickup and optical disk drive businesses for personal computers and instead focus on products utilizing optical and precision processing technologies. Meanwhile, in printed circuit boards, we will work to expand high-value-added products such as core materials and semiconductor packaging. In the semiconductor business, we will shift resources away from AV equipment to automotive and industrial fields. Taking full advantage of our strengths in low power consumption, imaging and compound technologies, we aim to increase profits.

Midterm Management Vision



Growth Strategy

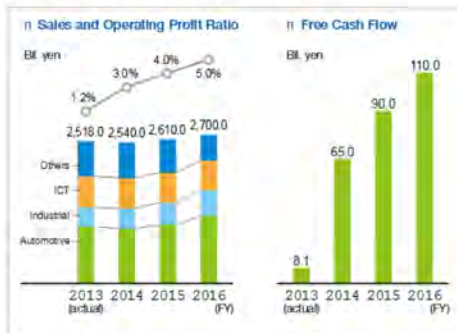
Automotive field

Strengthening collaboration within the Panasonic Group and giving full play to our broad technological resources, we intend to expand existing business areas. Guided by the key themes of being less Japan-oriented, maximizing collaboration with Panasonic Group companies, and proactively utilizing external resources, we aim to create new businesses centered on comfort, sense of security and safety, and electrically powered. As a numerical target, we aim to generate sales of 2 trillion yen in fiscal 2019; we recorded sales of 1 trillion yen in fiscal 2013.

Industrial field

In the industrial field, we will contribute to customers worldwide through manufacturing solutions in various manufacturing processes based on an understanding of their needs for factory automation and manpower saving. In addition, by implementing measures in social infrastructure and other areas, we will push ahead with efforts to build a long-term earnings base.

Midterm Management Targets



ICT field

We plan to work to expand sales of high-share, high-profit products, strengthen our hand in the communications infrastructure field, and expand our share in the mobile terminal market. These efforts should further strengthen our underlying profit base in the ICT field. Indeed, we aim to lift the proportion of sales of high-share, high-profit products from 36% in fiscal 2013 to 46% in fiscal 2016.

Creation of new businesses that generate 10% of AIS Company sales in fiscal 2016

In April 2013, we established the Business Development Division, which is staffed by employees from different professional backgrounds, namely business planning, marketing and engineering. The Business Development Division has a workforce of 400 people in 6 zones around the world (Japan, North America, Europe, China, India and Taiwan). With this global setup, it aims to create new businesses that transcend business division boundaries.

Profit Improvement Plan



ESG at Panasonic

Disclosure in this Annual Report is coordinated with disclosure on Panasonic's corporate website. For ESG information such as corporate governance, environmental activities, and CSR activities, please refer to the relevant websites.



Corporate Governance

Please refer to the Company's Annual Securities Report (*Yukashoken Hokokusho*) for details regarding

[PDF IV 6 Corporate Governance, etc.](#)

Policy on Control of Panasonic Corporation

Please refer to the Company's Annual Securities Report (*Yukashoken Hokokusho*) for details regarding

[PDF II 3 \(2\) Policy on Control of Panasonic Corporation.](#)

Directors, Corporate Auditors and Executive Officers

Please refer to the Company's Annual Securities Report (*Yukashoken Hokokusho*) for details regarding

[PDF IV 5 Member of the Board of Directors and Corporate Auditors.](#)

Sustainability

<http://panasonic.net/sustainability/en/>



[Financial Highlights](#)[To Our Stakeholders](#)[President's Message](#)[Overview of A Divisional Companies](#)[ESG Information](#)[Financial and Corporate Data](#)[Search](#)[Contents](#)[Financial Review](#) [Consolidated Financial Statements](#) [Stock Information](#)
[Company Information](#) [Quarterly Financial Results and Investor Relations Offices](#)

Financial and Corporate Data

PAGE
25

Financial Review

- 25 Consolidated Sales and Earnings Results
- 27 Financial Position and Liquidity

PAGE
28

Consolidated Financial Statements

- 28 Consolidated Balance Sheets
- 29 Consolidated Statements of Operations and
Consolidated Statements of Comprehensive Income (Loss)
- 30 Consolidated Statements of Equity
- 31 Consolidated Statements of Cash Flows

PAGE
32

Stock Information

PAGE
33

Company Information

PAGE
34

Quarterly Financial Results and Investor Relations Offices

[PDF](#) Download the Company's Annual Securities Report

Note: Panasonic's financial review and consolidated financial statements are presented in accordance with the Company's Annual Securities Report (Yukashoken Hokokusho).

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data

Search

Contents

>> Financial Review

>> Consolidated Financial Statements

>> Stock Information

>> Company Information

>> Quarterly Financial Results and Investor Relations Offices

Financial Review

(Please refer to the Company's [PDF Annual Securities Report](#) for further details.)

Consolidated Sales and Earnings Results

Operating results for fiscal 2013 ended March 31, 2013 compared with fiscal 2012 were as follows:

During the fiscal 2013 under review, the business environment for Japanese companies improved as a result of factors including the depreciating yen against U.S. dollar and Euro after a period of extreme yen appreciation, and the recovering U.S. stock market, towards the end of the fiscal 2013. However, the electronics industry continued to be in a severe business situation including sluggish demand in flat-panel TVs mainly in Japan. Under such business circumstances, the three-year midterm management plan "Green Transformation 2012 (GT12)," which ended in the fiscal 2013, achieved results far below target.

In addition to the severe business environment, the Company recognized its deteriorating profitability following Lehman's fall was substantially due to structural issues. During the fiscal 2013 under the new management structure, the Company, therefore, implemented the following initiatives with a deep sense of crises among employees:

'reforming Head Office functions and decision-making processes,' 'providing countermeasures for underperforming business' and 'introducing BU (business unit) based management.' In reforming the structure of the Panasonic Group and providing a new direction, the Company has developed its corporate structure to create new customer value and a foundation for its recovery. These initiatives, however, have not yet to achieve any result and the fiscal 2013 annual results ended with poor outcomes.

Sales

Consolidated group sales for the fiscal 2013 decreased by 7% to 7,303.0 billion yen from 7,846.2 billion yen in the year ended March 31, 2012 (fiscal 2012).

Cost of Sales and Selling, General and Administrative Expenses

In fiscal 2013, cost of sales amounted to 5,419.9 billion yen, down from 5,864.5 billion yen in the fiscal 2012. Selling, general and administrative expenses amounted to 1,722.2 billion yen, down from 1,938.0 billion yen in the fiscal 2012. These results are due mainly to the effects of sales decrease.

Interest Income, Dividends Received and Other Income

In fiscal 2013, interest income amounted to 9.3 billion yen, down from 13.4 billion yen. Dividends received amounted to 3.7 billion yen, down from 6.1 billion yen. Other income amounted to 91.8 billion yen, increased from 44.1 billion yen in the fiscal 2012.

Interest Expense, Goodwill Impairment and Other Deductions

In fiscal 2013, interest expense amounted to 25.6 billion yen, down from 28.4 billion yen in fiscal 2012. The Company incurred 250.6 billion yen of goodwill impairment and 138.1 billion yen as expenses associated with impairment losses of fixed assets, which were primarily related to solar, consumer-use lithium-ion batteries and mobile phone businesses.

Income (Loss) before Income Taxes

As a result of the above-mentioned factors, income (loss) before income taxes for fiscal 2013 amounted a loss of 398.4 billion yen, compared with a loss of 812.8 billion yen in fiscal 2012, due mainly to incurring goodwill impairment and expenses associated with impairment losses of fixed assets.

Provision for Income Taxes

Provision for income taxes for fiscal 2013 increased to 384.7 billion yen, compared with 9.8 billion yen in fiscal 2012.

Taking into consideration significant sales decreases in Japan and other factors, in accordance with U.S. GAAP, the Company increased the valuation allowances to deferred tax assets in Panasonic Corporation and Panasonic Mobile Communications Co., Ltd., and incurred provision for income taxes of 412.5 billion yen, in the second quarter of fiscal 2013.

Equity in Earnings of Associated Companies

In fiscal 2013, equity in earnings of associated companies amounted to 7.9 billion yen, compared with 6.5 billion yen in fiscal 2012.

Net Income (Loss)

Net income (loss) amounted to a loss of 775.2 billion yen for fiscal 2013, compared with a loss of 816.1 billion yen in fiscal 2012.

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data

Search

Contents

>> Financial Review

>> Consolidated Financial Statements

>> Stock Information

>> Company Information

>> Quarterly Financial Results and Investor Relations Offices

Net Income (Loss) Attributable to Noncontrolling Interests

Net income (loss) attributable to noncontrolling interests amounted to a loss of 20.9 billion yen for fiscal 2013, compared with a loss of 43.9 billion yen in fiscal 2012.

Net Income (Loss) Attributable to Panasonic Corporation

As a result of all the factors stated in the preceding paragraphs, the Company recorded a net loss attributable to Panasonic Corporation of 754.3 billion yen for fiscal 2013, compared with a loss of 772.2 billion yen in fiscal 2012. Net income (loss) attributable to Panasonic Corporation per share, basic amounted to a loss of 326.28 yen in fiscal 2013, compared with a loss of 333.96 yen in fiscal 2012.

Results of Operations by Segment

• AVC Networks

Sales decreased by 20% to 1,373.9 billion yen from 1,713.5 billion yen a year ago. Despite steady sales in the solutions business including aircraft in-flight entertainment systems, sales significantly decreased due mainly to sales decline in the digital AV networks business including TVs and the display devices business including panels.

Segment profit significantly improved to 19.9 billion yen compared with the loss of 67.8 billion yen a year ago due mainly to fixed cost reduction and restructuring benefit.

• Appliances

Sales increased by 1% to 1,554.4 billion yen from 1,534.2 billion yen a year ago. Despite flat global demand particularly for air conditioners in China, which is one of its main products, sales increased due mainly to favorable sales in refrigerators and rice cookers. Segment profit decreased to 66.5 billion yen compared with 81.5 billion yen a year ago due mainly to sales decrease in air conditioners.

• Systems & Communications

Sales decreased by 12% to 740.9 billion yen from 840.8 billion yen a year ago due mainly to sales decrease in mobile phones and office equipment, although sales in security business including surveillance cameras were strong. Segment profit decreased to 12.4 billion yen due mainly to sales decrease compared with 17.3 billion yen a year ago.

• Eco Solutions

Sales increased by 1% to 1,547.9 billion yen from 1,525.8 billion yen a year ago. Despite

weak sales in Europe, sales increased due mainly to sales growth in LED lighting and energy management system products with backing from power conservation demand. Despite a drop in product prices, segment profit slightly increased to 59.1 billion yen from 58.9 billion yen a year ago due mainly to streamlining material costs.

• Automotive Systems

Sales increased by 20% to 782.9 billion yen from 653.2 billion yen a year ago. Despite sales decreases due mainly to demand slowdown in the Chinese market, market recovery in North America and South Asia as well as Japanese vehicle sales volume increases with backing from eco-car subsidies contributed to overall sales increase. Segment profit significantly improved to 16.6 billion yen from 4.9 billion yen a year ago due mainly to sales increases.

• Industrial Devices

Sales decreased by 3% to 1,361.4 billion yen from 1,404.6 billion yen a year ago due mainly to lower sales for notebook PCs and digital household products, although demand for smartphones and tablets grew. Segment profit significantly improved to 19.2 billion yen compared with the loss of 16.6

billion yen a year ago due mainly to fixed cost reductions.

• Energy

Sales decreased by 4% to 592.3 billion yen from 614.9 billion yen a year ago due mainly to sales decrease in lithium-ion batteries affected by stagnant demand for notebook PCs, and in solar photovoltaic systems affected by the shrinkage in the European market. Segment profit significantly improved to 8.3 billion yen compared with a loss of 20.9 billion yen a year ago due mainly to fixed cost reduction and streamlining material cost.

• Other

Sales decreased by 23% to 1,442.8 billion yen from 1,880.9 billion yen a year ago due mainly to sales decrease owing to the SANYO-related business transfers implemented in the fiscal 2012. Segment profit increased to 25.0 billion yen from 23.6 billion yen a year ago due mainly to restructuring benefits.

 Download DATA BOOK (Segment Information)

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data

Search

Contents

>> Financial Review

>> Consolidated Financial Statements

>> Stock Information

>> Company Information

>> Quarterly Financial Results and Investor Relations Offices

Financial Position and Liquidity

Assets, Debts and Equities

The Company's consolidated total assets as of March 31, 2013 decreased by 1,203.2 billion yen to 5,397.8 billion yen from the end of the fiscal 2012 due mainly to decreases in other assets and other current assets affected by the impairment losses of goodwill and intangible assets, and increases in valuation allowances for deferred tax assets, as well as a decrease in property, plant and equipment, and investments and advances affected by disposals of investments. Total liabilities decreased by 530.0 billion yen to 4,093.5 billion yen due to the 9th unsecured straight bond redemption and a decrease in short-term bond. Panasonic Corporation shareholders' equity decreased by 665.8 billion yen compared with the end of the fiscal 2012 to 1,264.0 billion yen as of March 31, 2013. Despite an improvement in accumulated other comprehensive income (loss) due to the yen depreciation, this decrease in shareholders' equity was primarily due to a decrease in retained earnings corresponding to the net loss attributable to Panasonic Corporation. Non-controlling interests decreased by 7.5 billion yen to 40.3 billion yen as of March 31, 2013.

Dividend Policy

The Company recorded a significant net loss for the second consecutive year, and global business condition surrounding the Company is expected to be continuously uncertain. Under these circumstances, the Company recognizes that it is one of the most important and urgent to improve its financial position. The board of Directors of Panasonic resolved not to distribute a year-end dividend, resulting in non-dividend for the fiscal 2013.

Capital Investment and Depreciations

Capital investment (tangible assets) during fiscal 2013 decreased by 7% to 310.9 billion yen, compared with 333.7 billion yen in fiscal 2012. Principal capital investments were directed to solar cell manufacturing facilities in Malaysia, rechargeable batteries manufacturing facilities in China, and facilities related to organic LED panels in Japan. Depreciations (tangible assets) during fiscal 2013 decreased by 6% to 277.6 billion yen compared with 295.8 billion yen in fiscal 2012. Effective from the beginning of fiscal 2013, investments and depreciation expenses in molding dies are included in "Capital investment (tangible assets)" and "Depreciation (tangible assets)," respectively. Accordingly,

the amount of "Capital investment (tangible assets)" and "Depreciation (tangible assets)" for fiscal 2012 are changed.

Cash Flows

• Cash flows from operating activities

Net cash provided by operating activities for the year ended March 31, 2013 amounted to 338.8 billion yen, an increase of 336.8 billion yen from a year ago due to an increase in operating profit and a decrease in trade receivables.

• Cash flows from investing activities

Net cash related to investing activities amounted to an inflow of 16.4 billion yen, compared with the outflow of 341.9 billion yen a year ago due primarily to a decrease in capital expenditures and an increase in proceeds from disposals of investments and property, plant and equipment.

• Cash flows from financing activities

Net cash used in financing activities amounted to 491.1 billion yen, an increase of 438.0 billion yen from a year ago due mainly to a decrease in short-term bonds.

Taking into consideration the exchange rate fluctuations, cash and cash equivalents totaled 496.3 billion yen as of March 31,

2013, a decrease of 78.1 billion yen compared with the end of the last fiscal year.

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data

Search

Contents

>> Financial Review >> **Consolidated Financial Statements** > Stock Information
 >> Company Information >> Quarterly Financial Results and Investor Relations Offices

Consolidated Financial Statements

 Download DATA BOOK
(Balance Sheets)

Consolidated Balance Sheets

March 31, 2012 and 2013

	Millions of yen	
	2012	2013
Assets		
Current assets:		
Cash and cash equivalents.....	574,411	496,283
Time deposits	36,575	1,674
Short-term investments	483	—
Trade receivables:		
Notes	73,044	56,752
Accounts	963,202	905,973
Allowance for doubtful receivables	(26,604)	(23,398)
Net trade receivables	1,009,642	939,327
Inventories	801,991	786,845
Other current assets.....	454,663	269,954
Total current assets	2,877,765	2,494,083
Investments and advances	451,879	276,978
Property, plant and equipment:		
Land	374,855	313,991
Buildings	1,679,665	1,638,974
Machinery and equipment	2,590,026	2,723,993
Construction in progress	90,786	60,173
	4,735,332	4,737,131
Less accumulated depreciation	2,972,774	3,061,703
Net property, plant and equipment	1,762,558	1,675,428
Other assets:		
Goodwill	757,417	512,146
Intangible assets	345,751	223,013
Other assets.....	405,685	216,164
Total other assets.....	1,508,853	951,323
	6,601,055	5,397,812

	Millions of yen	
	2012	2013
Liabilities and Equity		
Current liabilities:		
Short-term debt, including current portion of long-term debt	633,847	480,304
Trade payables:		
Notes	53,243	52,205
Accounts	797,770	739,581
Total trade payables	851,013	791,786
Accrued income taxes	32,553	32,162
Accrued payroll	204,842	201,460
Other accrued expenses	749,495	713,314
Deposits and advances from customers.....	71,102	75,669
Employees' deposits	7,651	6,610
Other current liabilities	329,001	297,854
Total current liabilities	2,879,504	2,599,159
Noncurrent liabilities:		
Long-term debt	941,768	663,091
Retirement and severance benefits.....	566,550	621,802
Other liabilities	235,667	209,487
Total noncurrent liabilities	1,743,985	1,494,380
Equity:		
Panasonic Corporation shareholders' equity:		
Common stock:		
Authorized — 4,950,000,000 shares		
Issued — 2,453,053,497 shares	258,740	258,740
Capital surplus	1,117,530	1,110,686
Legal reserve	94,512	96,259
Retained earnings	1,441,177	673,604
Accumulated other comprehensive income (loss):		
Cumulative translation adjustments	(482,168)	(297,015)
Unrealized holding gains (losses) of available-for-sale securities.....	13,283	(218)
Unrealized gains (losses) of derivative instruments	(3,728)	(4,573)
Pension liability adjustments	(262,542)	(326,423)
Total accumulated other comprehensive income (loss)	(735,155)	(628,229)
Treasury stock, at cost:		
141,394,374 shares (141,351,296 shares in 2012)	(247,018)	(247,028)
Total Panasonic Corporation shareholders' equity	1,929,786	1,264,032
Noncontrolling interests	47,780	40,241
Total equity	1,977,566	1,304,273
Commitments and contingent liabilities		
	6,601,055	5,397,812

[Financial Highlights](#)[To Our Stakeholders](#)[President's Message](#)[Overview of 4 Divisional Companies](#)[ESG Information](#)[Financial and Corporate Data](#)

Search

Contents

>> Financial Review >> **Consolidated Financial Statements** > Stock Information
 >> Company Information >> Quarterly Financial Results and Investor Relations Offices

Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income (Loss)

Years ended March 31, 2012 and 2013

 Download DATA BOOK
 (Statements of Operations)

Consolidated Statements of Operations

	Millions of yen	
	2012	2013
Revenues, costs and expenses:		
Net sales	7,846,216	7,303,045
Cost of sales	(5,864,515)	(5,419,888)
Selling, general and administrative expenses	(1,937,976)	(1,722,221)
Interest income	13,388	9,326
Dividends received	6,129	3,686
Other income	44,124	91,807
Interest expense	(28,404)	(25,601)
Impairment losses of long-lived assets	(399,259)	(138,138)
Goodwill impairment	(163,902)	(250,583)
Other deductions	(328,645)	(249,819)
Income (loss) before income taxes	(812,844)	(398,386)
Provision for income taxes:		
Current	69,206	66,532
Deferred	(59,439)	318,141
	9,767	384,673
Equity in earnings of associated companies	6,467	7,891
Net income (loss)	(816,144)	(775,168)
Less net income (loss) attributable to noncontrolling interests	(43,972)	(20,918)
Net income (loss) attributable to Panasonic Corporation	(772,172)	(754,250)

	Yen	
	2012	2013
Net income (loss) per share attributable to Panasonic Corporation common shareholders:		
Basic	(333.96)	(326.28)
Diluted	—	—

Consolidated Statements of Comprehensive Income (Loss)

	Millions of yen	
	2012	2013
Net income (loss)	(816,144)	(775,168)
Other comprehensive income (loss), net of tax:		
Translation adjustments	(19,887)	198,287
Unrealized holding gains (losses) of available-for-sale securities	(3,476)	(13,416)
Unrealized gains (losses) of derivative instruments	(6,018)	(845)
Pension liability adjustments	(79,874)	(62,481)
	(109,255)	121,545
Comprehensive income (loss)	(925,399)	(653,623)
Less comprehensive income (loss) attributable to noncontrolling interests	(44,210)	(6,299)
Comprehensive income (loss) attributable to Panasonic Corporation	(881,189)	(647,324)

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data

Search

Contents

>> Financial Review >> **Consolidated Financial Statements** > Stock Information
 >> Company Information >> Quarterly Financial Results and Investor Relations Offices

 Download DATA BOOK
 (Statements of Equity)

Consolidated Statements of Equity

Years ended March 31, 2012 and 2013

	Millions of yen	
	2012	2013
Common stock:		
Balance at beginning of year	258,740	258,740
Balance at end of year	258,740	258,740
Capital surplus:		
Balance at beginning of year	1,100,181	1,117,530
Sale of treasury stock	(1,752)	—
Equity transactions with noncontrolling interests and others	19,101	(6,844)
Balance at end of year	1,117,530	1,110,686
Legal reserve:		
Balance at beginning of year	94,198	94,512
Transfer from retained earnings	314	1,747
Balance at end of year	94,512	96,259
Retained earnings:		
Balance at beginning of year	2,401,909	1,441,177
Sale of treasury stock	(166,334)	(17)
Net income (loss) attributable to Panasonic Corporation	(772,172)	(754,250)
Cash dividends to Panasonic Corporation shareholders	(21,912)	(11,559)
Transfer to legal reserve	(314)	(1,747)
Balance at end of year	1,441,177	673,604
Accumulated other comprehensive income (loss):		
Balance at beginning of year	(625,300)	(735,155)
Equity transactions with noncontrolling interests and others	(838)	—
Other comprehensive income (loss), net of tax:		
Translation adjustments	(20,946)	185,153
Unrealized holding gains (losses) of available-for-sale securities	(3,325)	(13,501)
Unrealized gains (losses) of derivative instruments	(6,018)	(845)
Pension liability adjustments	(78,728)	(63,881)
	(109,017)	106,926
Balance at end of year	(735,155)	(628,229)

	Millions of yen	
	2012	2013
Treasury stock:		
Balance at beginning of year	(670,736)	(247,018)
Repurchase of common stock	(436)	(35)
Sale of treasury stock	424,154	25
Balance at end of year	(247,018)	(247,028)
Noncontrolling interests:		
Balance at beginning of year	387,343	47,780
Cash dividends paid to noncontrolling interests	(11,642)	(10,549)
Equity transactions with noncontrolling interests and others	(283,711)	9,309
Net income (loss) attributable to noncontrolling interests	(43,972)	(20,918)
Other comprehensive income (loss), net of tax:		
Translation adjustments	1,059	13,134
Unrealized holding gains (losses) of available-for-sale securities	(151)	85
Pension liability adjustments	(1,146)	1,400
	(238)	14,619
Balance at end of year	47,780	40,241

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data

Search

Contents

>> Financial Review >> **Consolidated Financial Statements** > Stock Information
 >> Company Information >> Quarterly Financial Results and Investor Relations Offices

 Download DATA BOOK
 (Statements of Cash Flows)

Consolidated Statements of Cash Flows

Years ended March 31, 2012 and 2013

	Millions of yen	
	2012	2013
Cash flows from operating activities:		
Net income (loss)	(816,144)	(775,168)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	374,785	339,367
Net gain on sale of investments	(5,822)	(29,125)
Provision for doubtful receivables	12,162	6,641
Deferred income taxes	(59,439)	318,141
Write-down of investment securities	16,636	4,017
Impairment losses on long-lived assets and goodwill	563,161	388,721
Cash effects of changes in, excluding acquisition:		
Trade receivables	24,228	128,088
Inventories	40,318	64,625
Other current assets	17,130	51,168
Trade payables	(103,788)	(68,282)
Accrued income taxes	(7,473)	4,817
Accrued expenses and other current liabilities	(9,089)	(117,098)
Retirement and severance benefits	(29,374)	(8,811)
Deposits and advances from customers	(14,547)	3,247
Other, net	(761)	28,402
Net cash provided by operating activities	1,983	338,750
Cash flows from investing activities:		
Proceeds from disposition of investments and advances	104,542	195,401
Increase in investments and advances	(6,945)	(4,144)
Capital expenditures	(495,342)	(320,168)
Proceeds from disposals of property, plant and equipment	53,333	146,562
Decrease in time deposits, net	30,952	36,795
Other, net	(28,416)	(38,040)
Net cash provided by (used in) investing activities	(341,876)	16,406

	Millions of yen	
	2012	2013
Cash flows from financing activities:		
Increase (decrease) in short-term debt with maturities of three months or less, net	141,451	(25,168)
Proceeds from short-term debt with maturities longer than three months	280,677	433,820
Repayments of short-term debt with maturities longer than three months	(60,000)	(650,938)
Proceeds from long-term debt	828	648
Repayments of long-term debt	(370,052)	(226,320)
Dividends paid to Panasonic Corporation shareholders	(21,912)	(11,559)
Dividends paid to noncontrolling interests	(11,642)	(10,549)
Repurchase of common stock	(436)	(35)
Sale of treasury stock	73	8
Purchase of noncontrolling interests	(10,640)	(940)
Other, net	(1,441)	(25)
Net cash used in financing activities	(53,094)	(491,058)
Effect of exchange rate changes on cash and cash equivalents	(7,428)	57,774
Net decrease in cash and cash equivalents	(400,415)	(78,128)
Cash and cash equivalents at beginning of year	974,826	574,411
Cash and cash equivalents at end of year	574,411	496,283

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data

Search

Contents

>> Financial Review >> Consolidated Financial Statements >> **Stock Information**
 >> Company Information >> Quarterly Financial Results and Investor Relations Offices

Stock Information (As of March 31, 2013)

Share Data

Number of Shares Issued

2,453,053,497 shares
 (Including 141,394,374 shares held by
 Panasonic)

Number of Shareholders

577,756 persons

Stock Exchange Listings

Tokyo, Osaka*, Nagoya and
 New York* stock exchanges

* The cash equity markets of the Osaka Securities
 Exchange will be integrated with those of the Tokyo
 Stock Exchange on July 16, 2013. The Company
 delisted its American Depositary Shares from the
 New York Stock Exchange on April 22, 2013.

Transfer Agent for Common Stock

Sumitomo Mitsui Trust Bank, Limited
 5-33, Kitahama, 4-chome, Chuo-ku, Osaka-shi, Osaka
 540-8639, Japan
 Phone: +81-3-3323-7111

Depository and Transfer Agent for American

Depository Receipts (ADRs)

JPMorgan Chase Bank N.A.
 1 Chase Manhattan Plaza, Floor 58
 New York, NY 10005, U.S.A.

■ Contact
 JPMorgan Service Center
 P.O. Box 64504
 St. Paul, MN 55164-0504, U.S.A.
 Tel: 1-800-990-1135 (U.S.: toll free)
 1-651-453-2128 (International)

Breakdown of Share Holdings (Years ended March 31)

(Thousands)

	2009	2010	2011	2012	2013
Number of shares issued at year-end	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053
Treasury stock at year-end	382,411	382,448	382,760	141,351	141,394
Average common shares outstanding	2,079,296	2,070,623	2,070,341	2,312,167	2,311,683

Note: Amounts less than one thousand have been discarded.

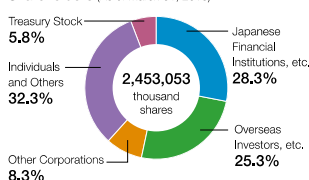
Breakdown of Issued Shares by Type of Shareholders

(March 31 of each year)

	2009	2010	2011	2012	2013
Japanese Financial Institutions, etc.	34.1	30.8	30.9	34.2	28.3
Overseas Investors, etc.	22.5	25.3	22.7	21.9	25.3
Other Corporations	7.1	7.1	7.1	8.4	8.3
Individuals and Others	20.7	21.2	23.7	29.7	32.3
Treasury Stock	15.6	15.6	15.6	5.8	5.8
Total	100.0	100.0	100.0	100.0	100.0

Breakdown of Issued Shares by Type of Shareholders

(As of March 31, 2013)



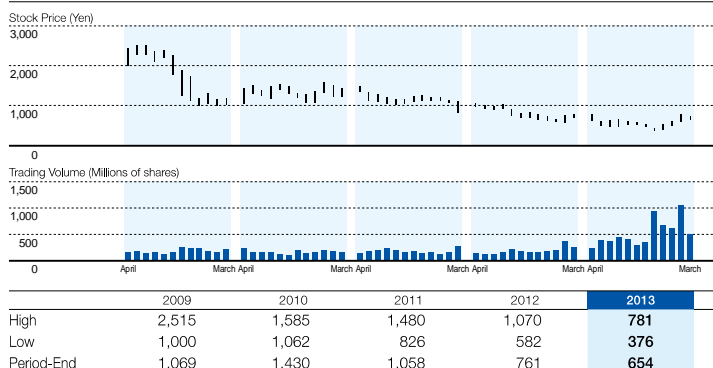
Major Shareholders

Name	Share ownership (in thousands of shares)	Percentage of total issued shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	101,244	4.12
Japan Trustee Services Bank, Ltd. (trust account)	82,259	3.35
Nippon Life Insurance Company	76,728	3.12
State Street Bank and Trust Co.	70,639	2.87
Sumitomo Mitsui Banking Corporation	66,817	2.72
SSBT OD05 Omnibus Account-Treaty Clients	60,943	2.48
Moxley & Co. LLC	60,641	2.47
Panasonic Corporation Employee Shareholding Association	54,465	2.22
Sumitomo Life Insurance Co.	37,408	1.52
Matsushita Real Estate Co., Ltd.	29,121	1.18

Notes: 1. Amounts less than one thousand have been discarded.

2. The number of treasury stock is 141,394 thousand shares.

Company Stock Price and Trading Volume (Years ended March 31) Tokyo Stock Exchange Monthly basis



Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data



Search



Contents

>> Financial Review

>> Consolidated Financial Statements

>> Stock Information

>> **Company Information**

>> Quarterly Financial Results and Investor Relations Offices

Company Information (As of March 31, 2013)

Company Outline

Company Name
Panasonic Corporation
(TSE Securities Code: 6752)

**Consolidated Companies
(including parent company)**
538 companies

Founded
March 1918 (incorporated in December 1935)

**Associated Companies
under the Equity Method**
95 companies

Common Stock
258.7 billion yen

Corporate HP
Panasonic Corporate Site
<http://panasonic.net/>
IR Site
<http://panasonic.net/ir/>

Number of Employees <small>(March 31 of each year)</small>					<small>(Persons)</small>	
	2009	2010	2011	2012	2013	
Domestic	132,144	152,853	145,512	133,605	125,067	
Overseas	160,106	231,733	221,425	197,162	168,675	
Total	292,250	384,586	366,937	330,767	293,742	

Corporate Bonds Information

Unsecured Straight Bonds in Japan

	Series	Years	Coupon rate (per annum)	Aggregate principal amount of issue	Maturity date
Panasonic	7th	5	1.404%	200 billion yen	March 20, 2014
	8th	10	2.050%	100 billion yen	March 20, 2019
	10th	5	0.752%	200 billion yen	March 18, 2016
	11th	7	1.081%	150 billion yen	March 20, 2018
Panasonic Electric Works*	2nd	10	1.49%	20 billion yen	December 20, 2013
	3rd	7	1.66%	40 billion yen	June 19, 2015
	4th	10	1.593%	30 billion yen	June 20, 2019
SANYO*	18th	10	0.82%	10 billion yen	June 17, 2013
	20th	10	2.02%	30 billion yen	August 26, 2014

* Panasonic succeeded corporate bonds of Panasonic Electric Works and SANYO on January 1, 2012.

Basic History of the Company

1918	Konosuke Matsushita founded Matsushita Electric Housewares Manufacturing Works. Sales of the Company's first product, an improved attachment plug, began.
1927	The "National" brand name was registered.
1933	A divisional system was instituted.
1935	The Company was reorganized and renamed Matsushita Electric Industrial Co., Ltd.
1949	The Company's shares were listed on the Tokyo Stock Exchange and the Osaka Securities Exchange.*
1951	The Company's shares were listed on the Nagoya Stock Exchange.
1959	Matsushita Electric Corporation of America was established. Following this move, the Company established bases in other parts of the world.
1971	The Company's shares were listed on the New York Stock Exchange.*
2002	The Company made Matsushita Communication Industrial Co., Ltd., Kyushu Matsushita Electric Co., Ltd., Matsushita Seiko Co., Ltd., Matsushita Kotobuki Electronics Industries, Ltd. and Matsushita Graphic Communication Systems, Inc. into wholly-owned subsidiaries.
2003	The Company adopted a business domain-based organizational style through restructuring. The Company made Matsushita Electronic Components Co., Ltd. and Matsushita Battery Industrial Co., Ltd. into wholly-owned subsidiaries.
2004	The Company made Matsushita Electric Works, Ltd. (later renamed Panasonic Electric Works Co., Ltd.), PanaHome Corporation and their subsidiaries into consolidated subsidiaries.
2008	The Company changed its name from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation. The Company planned to unify its corporate brands under the "Panasonic" name across the world.
2009	The Company made SANYO Electric Co., Ltd. and its subsidiaries into consolidated subsidiaries.
2011	The Company made Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd. into wholly-owned subsidiaries.
2012	The Company reorganized its business into nine business domain companies and one marketing sector.
2013	The Company restructured its Group organization, and introduced divisional management and a 4 Divisional Company system on April 1.

* The cash equity markets of the Osaka Securities Exchange will be integrated with those of the Tokyo Stock Exchange on July 16, 2013. The Company delisted its American Depositary Shares from the New York Stock Exchange on April 22, 2013.

Financial Highlights

To Our Stakeholders

President's Message

Overview of 4 Divisional Companies

ESG Information

Financial and Corporate Data

Search

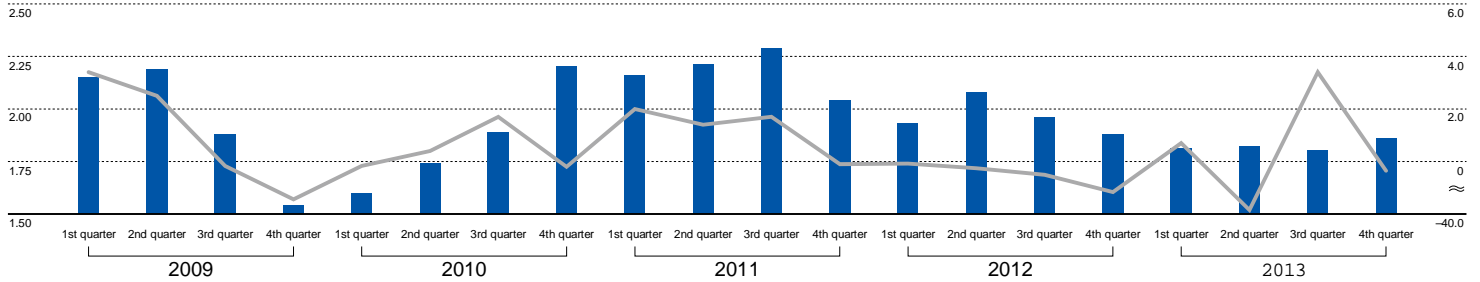
Contents

>> Financial Review >> Consolidated Financial Statements >> Stock Information
>> Company Information >> **Quarterly Financial Results and Investor Relations Offices**

Quarterly Financial Results and Investor Relations Offices

Quarterly Financial Results (Years ended March 31)

(Trillions of yen) ■ Net sales [left scale] — Net income (loss) attributable to Panasonic Corporation/Net sales [right scale]



	2009	2010	2011	2012	(Millions of yen) 2013
Net sales					
1st quarter	2,151,997	1,595,458	2,161,126	1,929,548	1,814,498
2nd quarter	2,191,714	1,737,838	2,206,822	2,075,650	1,823,662
3rd quarter	1,879,940	1,886,588	2,285,413	1,960,200	1,801,503
4th quarter	1,541,856	2,198,096	2,039,311	1,880,818	1,863,382
Total	7,765,507	7,417,980	8,692,672	7,846,216	7,303,045
Net income (loss) attributable to Panasonic Corporation					
1st quarter	73,031	(52,977)	43,678	(30,351)	12,809
2nd quarter	55,461	6,109	31,040	(105,800)	(697,979)
3rd quarter	(63,116)	32,259	39,983	(197,668)	61,340
4th quarter	(444,337)	(88,856)	(40,684)	(438,353)	(130,420)
Total	(378,961)	(103,465)	74,017	(772,172)	(754,250)

Note: Quarterly financial data is unaudited and has not been reviewed by Panasonic's independent registered public accounting firm in accordance with U.S. GAAS, generally accepted auditing standards in the United States of America.

Investor Relations Offices

Japan

Osaka

Panasonic Corporation
Investor Relations Office
1006 Oaza Kadoma, Kadoma-shi
Osaka 571-8501, Japan
Phone: +81-6-6908-1121

Tokyo

Panasonic Corporation
Investor Relations Office
1-5-1 Higashi-Shimbashi, Minato-ku
Tokyo 105-8301, Japan
Phone: +81-3-3437-1121

U.S.

Panasonic Finance (America), Inc.
1270 Avenue of the Americas, Suite 2330,
New York, NY 10020, U.S.A.
Phone: +1-212-698-1360

Europe

Panasonic Finance (Europe) plc
5th Floor 9 Devonshire Square, London,
EC2M 4YF, U.K.
Phone: +44-20-3008-6887

<http://panasonic.net/ir/>

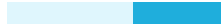
Panasonic

EXHIBIT V

Annual Report 2014

Panasonic Corporation

For the year ended March 31, 2014



Panasonic



Profile

Since the founding of the Company in 1918, we have carried out our activities under our basic management philosophy, which commits us to making a contribution through our business operations to improving the lives of people around the world, and to the further progress of society. Always making “people” central to our activities, and thereby focusing on “people’s lives,” we will continue to provide better living for our customers. This is the unwavering commitment we at Panasonic have had over many years.

And what we are aiming for now is to keep on providing “better living” everywhere while meeting the needs of each individual customer. In a variety of spaces where our customers go about their lives, spaces ranging from inside the home, the office, the store, the automobile, and the airplane, as well as the town, we will provide not only single pieces of hardware, but also total solutions including software and services. We will pursue the concept of “A Better Life, A Better World,” meeting the needs of each individual customer.

Contents

- 2 Editorial Policy / Disclaimer Regarding Forward-Looking Statements

Highlights

- 3 Major Financial Indicators / Major Non-Financial Indicators (Graphs)
- 4 Major Financial Indicators (Tables)
- 5 Major Non-Financial Indicators (Tables)

About Panasonic

- 6 **Moving Beyond Consumer Electronics to Expand into Wide-Ranging Areas of the BtoB Business**



Top Message

- 8 To Our Stakeholders
- 9 President's Message



Kazuhiro Tsuga
President

Management Topics

- 15 **Eliminating Unprofitable Businesses while Expanding Business and Improving Efficiency by Shifting from an In-house Approach**
- 16 **Strategic Structures and Preparations for Further Growth**

Message from the CFO

- 17 Message from the CFO



Hideaki Kawai
Senior
Managing Director
In charge of
Accounting and Finance

Business Overview

- 18 Business at a Glance
- 19 **Appliances Company**
- 23 **Eco Solutions Company**
- 27 **AVC Networks Company**
- 31 **Automotive & Industrial Systems Company**
- 35 Overview of Business Divisions

Corporate Governance

- 37 Corporate Governance Structure
- 39 Message from an Outside Director



Hiroko Ota
Outside Director

- 40 Directors, Audit & Supervisory Board Members and Executive Officers

Financial and Corporate Information

- 43 Financial Review
- 46 Consolidated Financial Statements
- 50 Stock Information
- 51 Company Information
- 52 Quarterly Financial Results / Investor Relations Offices
- 53 Management Philosophy / Founder Konosuke Matsushita

Note: Risk Factors

Please refer to the Company's [PDF Annual Securities Report \(Yukashoken Hokokusho\)](#) for details regarding business and other risks.

Editorial Policy

This Annual Report contains wide-ranging information including details of Panasonic's business strategies and financial position that assist mainly investors in making investment decisions. In this Report, particular emphasis was placed on the following points.

1 Brief introduction of the Company's business areas

This report has newly included an "About Panasonic" page in order to introduce the wide range of fields in which the Company operates including the BtoB business.

2 Messages from the CFO and an outside director

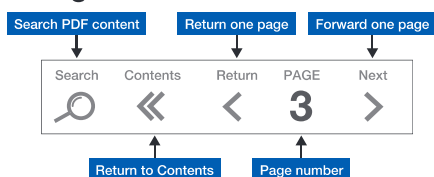
In the CFO message, an explanation of the Company's fundamental approach toward financial strategies is provided together with an introduction of various initiatives. In the message from an outside director, details of the role played by the outside director in carrying out the Company's management reforms are provided.

Please refer to the relevant website for information regarding the Company's sustainability activities.

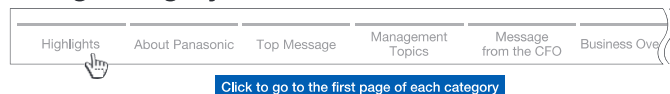


Sustainability website
<http://panasonic.net/sustainability/en/>

Using the Navigation Buttons



Using Category Tabs



Disclaimer Regarding Forward-Looking Statements

This Annual Report includes forward-looking statements (that include those within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this Annual Report do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this Annual Report. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the United States, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Panasonic Group operates businesses, or in which assets and liabilities of the Panasonic Group are denominated; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the ability of the Panasonic Group to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results on the alliances or mergers and acquisitions including the business reorganization after the acquisition of all shares of Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd.; the ability of the Panasonic Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Panasonic Group to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic's securities reports under the FIEA and any other documents which are disclosed on its website.

Highlights

About Panasonic

Top Message

Management Topics

Message from the CEO

Business Overview

Corporate Governance

Financial and Corporate Information



Major Financial Indicators (Graphs) / Major Non-Financial Indicators (Graphs)

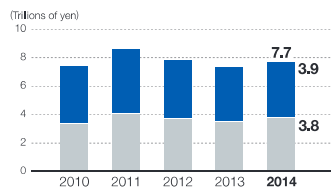
Major Financial Indicators (Tables)

Major Non-Financial Indicators (Tables)

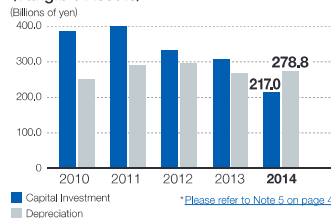
Major Financial Indicators (Graphs)

Panasonic Corporation and Subsidiaries
Years ended March 31

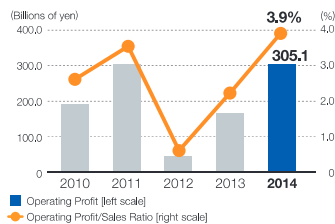
Net Sales



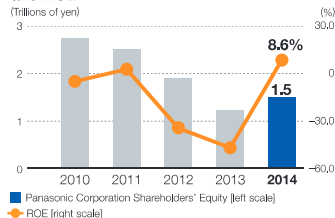
Capital Investment and Depreciation (Tangible Assets)*



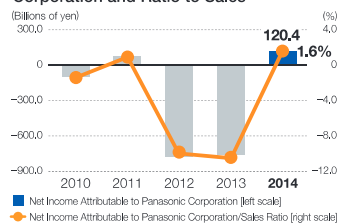
Operating Profit and Ratio to Sales



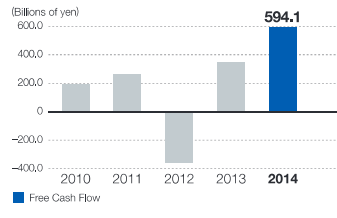
Panasonic Corporation Shareholders' Equity and ROE



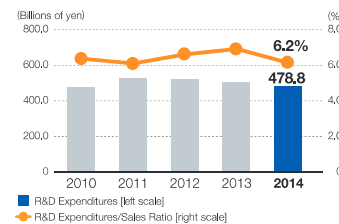
Net Income Attributable to Panasonic Corporation and Ratio to Sales



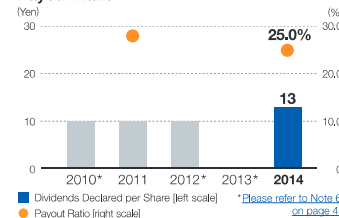
Free Cash Flow



R&D Expenditures and Ratio to Sales



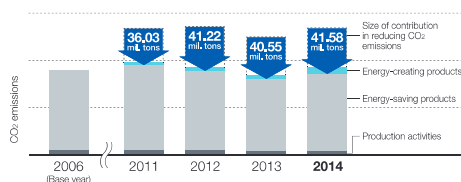
Dividends Declared per Share and Payout Ratio*



Major Non-Financial Indicators (Graphs)

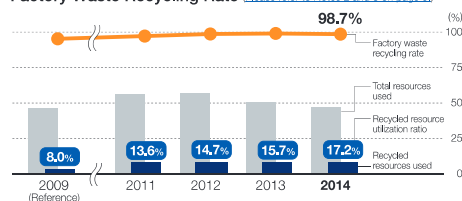
Panasonic Corporation and Subsidiaries (Otherwise listed in notes)
Years ended March 31 (Otherwise listed in notes)Size of Contribution in Reducing CO₂ Emissions

(Please refer to Note 1 on page 5.)



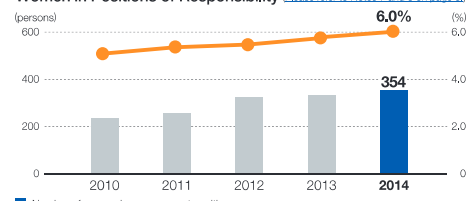
Recycled Resource Utilization Ratio and Factory Waste Recycling Rate

(Please refer to Notes 2 and 3 on page 5.)



Number of Women in Management Positions and Percentage of Women in Positions of Responsibility

(Please refer to Notes 7 and 8 on page 5.)



■ Number of women in management positions
 ◆ Percentage of women in positions of responsibility
 Panasonic Corporation and its major domestic Group companies (excluding SANYO Electric Co., Ltd. and including the former Panasonic Electric Works Co., Ltd. from 2012).
 As of April for each year

Highlights

About Panasonic

Top Message

Management
TopicsMessage
from the CEO

Business Overview

Corporate
GovernanceFinancial and
Corporate Information

Search

«

<

4

>

▷ Major Financial Indicators (Graphs) / Major Non-Financial Indicators (Graphs)

▶ Major Financial Indicators (Tables)

▷ Major Non-Financial Indicators (Tables)

Download DATA BOOK
(10-Year Summary)

Major Financial Indicators (Tables)

Panasonic Corporation and Subsidiaries
Years ended March 31

	2010	2011	2012	2013	2014
For the year (Millions of yen)					
Net sales	7,417,980	8,692,672	7,846,216	7,303,045	7,736,541
Operating profit	190,453	305,254	43,725	160,936	305,114
Income before income taxes	(29,315)	178,807	(812,844)	(398,386)	206,225
Net income attributable to Panasonic Corporation	(103,465)	74,017	(772,172)	(754,250)	120,442
Capital investment*	385,489	403,778	333,695	310,866	217,033
Depreciation*	251,839	284,244	295,808	277,582	278,792
R&D expenditures	476,903	527,798	520,217	502,223	478,817
Free cash flow	198,674	266,250	(339,893)	355,156	594,078
*Excluding intangibles					
At year-end (Millions of yen)					
Long-term debt	1,028,928	1,162,287	941,768	663,091	557,374
Total assets	8,358,057	7,822,870	6,601,055	5,397,812	5,212,994
Panasonic Corporation shareholders' equity	2,792,488	2,558,992	1,929,786	1,264,032	1,548,152
Total equity	3,679,773	2,946,335	1,977,566	1,304,273	1,586,438
Number of shares issued at year-end (thousands)	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053
Number of shareholders (persons)	316,182	364,618	557,102	577,756	499,728
Number of consolidated companies (including parent company)	680	634	579	538	505
Number of associated companies under the equity method	232	114	103	95	92

	2010	2011	2012	2013	2014
Per share data (Yen)					
Net income attributable to Panasonic Corporation per common share:					
Basic	(49.97)	35.75	(333.96)	(326.28)	52.10
Diluted	—	—	—	—	—
Dividends declared per share	10.00	10.00	10.00	0	13.00
Panasonic Corporation shareholders' equity per share	1,348.63	1,236.05	834.79	546.81	669.74
Ratios (%)					
Operating profit/sales	2.6	3.5	0.6	2.2	3.9
Income before income taxes/sales	(0.4)	2.1	(10.4)	(5.5)	2.7
Net income attributable to Panasonic Corporation/sales	(1.4)	0.9	(9.8)	(10.3)	1.6
ROE	(3.7)	2.8	(34.4)	(47.2)	8.6
Panasonic Corporation shareholders' equity/total assets	33.4	32.7	29.2	23.4	29.7
Payout ratio	—	28.0	—	—	25.0

- Notes: 1. The Company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).
2. Dividends per share reflect those declared by the Company in each fiscal year and consist of interim dividends paid during the fiscal year and year-end dividends paid after the fiscal year-end.
3. In order to be consistent with generally accepted financial reporting practices in Japan, operating profit, a non-GAAP measure, is presented as net sales less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies. See [the Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income \(Loss\) on page 47](#).
4. Diluted net income attributable to Panasonic Corporation per common share after fiscal 2010 have been omitted because the Company did not have potential common shares that were outstanding for the period.
5. Effective from the fiscal year ended March 31, 2013, the Company has decided to include investments in molds in capital investment and mold depreciation expenses in depreciation. Capital investment and Depreciation figures for the year ended March 31, 2012 have been restated as a result of this change.
6. Payout ratios have not been presented for those fiscal years in which the Company incurred a net loss attributable to Panasonic Corporation.

▶ Major Financial Indicators (Graphs) / Major Non-Financial Indicators (Graphs) ▶ Major Financial Indicators (Tables) ▶ Major Non-Financial Indicators (Tables)

Major Non-Financial Indicators (Tables)

Panasonic Corporation and Subsidiaries (Otherwise listed in notes)
Years ended March 31 (Otherwise listed in notes)

Please refer to the Company's Sustainability Report 2014 for further details
(scheduled for release at the end of August 2014).
<http://panasonic.net/sustainability/en/>

	2010	2011	2012	2013	2014
Environment					
Size of contribution in reducing CO ₂ emissions* ¹ (million tons)	—	36.03	41.22	40.55	41.58
Recycled resource utilization ratio* ² (%)	—	13.6	14.7	15.7	17.2
Factory waste recycling rate* ³ (%)	96.3	97.4	98.9	99.3	98.7
CO ₂ emissions in production activities* ⁴ (million tons)	3.94	4.00	3.56	3.13	2.92
Total wastes including revenue-generating waste* ⁵ (thousand tons)	411	586	523	459	428
Amount of water consumption* ⁵ (million m ³)	49	60	53	45	43
Release/transfer of substances requiring management* ⁶ (tons)	6,296	6,335	5,219	5,413	4,504
Social					
Number of women in management positions* ⁷ (persons)	236	258	323	331	354
Percentage of women in positions of responsibility* ⁸ (%)	5.1	5.4	5.5	5.8	6.0
Incident rate of work-related accidents* ⁹ (number of accidents per one million working hours)	0.12	0.15	0.14	0.14	—
[Electric, machinery and equipment manufacturing industry average (number of accidents per one million working hours)]	[0.49]	[0.44]	[0.39]	[0.41]	[—]
Ratio of employees with disabilities* ¹⁰ (%)	2.07	2.08	2.06	2.17	—
Corporate citizenship activities expenditure* ¹¹ (millions of yen)	3,175	4,052	3,659	2,937	2,802

Recognition from Outside the Company (Year ended March 31, 2014)

Panasonic has been selected as a component of the Dow Jones Sustainability World Indices (DJSI World) and FTSE4Good Index—both of which are global socially responsible investment indices. Selection in DJSI World is for the 9th consecutive year and the FTSE4Good Index is for the 14th consecutive year. Panasonic has also been selected for inclusion in CDP Japan 500's Climate Disclosure Leadership Index, which certifies companies that excel in disclosing climate change information.

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM



FTSE4Good



- *¹ The size of contribution in reducing CO₂ emissions is defined as the amount achieved by deducting the actual emissions from the amount that would have been emitted without the improvements by the energy-saving performance of our products and productivity from the year ended March 31, 2006, and this amount is combined with the emission reduction resulting from power generation by energy-creating products. The result for the year ended March 31, 2010 is not listed because this indicator was set and tabulation was commenced in the year ended March 31, 2011. In the year ended March 31, 2014, the calculation method for the size of contribution in reducing CO₂ emissions through energy-creating products was modified in accordance with the policy approach of Keidanren's Action Plan for Achieving a Low Carbon Society. Statistical figures for the years ended March 31, 2011 through March 31, 2013 have been recalculated accordingly.
- *² Recycled resource utilization ratio = Recycled resources used/Total resources used; The result for the year ended March 31, 2010 is not listed because this indicator (based on results for the year ended March 31, 2009) was set and tabulation was commenced in the year ended March 31, 2011.
- *³ Factory waste recycling rate = Amount of resources recycled/(Amount of resources recycled + Amount of final disposal); The factory waste recycling rate for the year ended March 31, 2014 was lower than the previous period due to a new factory whose recycling scheme was still in the establishing process.
- *⁴ The factors related to fuels are based on the Guidelines for Calculation of Greenhouse Gas Emissions (version 2.2) published by the Japanese Ministry of the Environment. The CO₂ emission factor for electricity purchased in Japan (kg-CO₂/kWh) is fixed at 0.410. The factors above are also used for electricity purchased from power producers and suppliers (PPS). The GHG Protocol factors for each country are used for electricity purchased outside Japan.
- *⁵ SANYO Electric Co., Ltd. [SANYO] and Panasonic Liquid Crystal Display Co., Ltd. at that time are not included in the year ended March 31, 2010.
- *⁶ A number of substances were added to the scope of management in the year ended March 31, 2011. SANYO at that time is not included in the year ended March 31, 2010. Overseas sites of SANYO at that time are not included in both the year ended March 31, 2011 and the year ended March 31, 2012.
- *⁷ Managerial positions (section leader or higher) at Panasonic Corporation and its key domestic affiliates are included in totals (excluding SANYO, and including the former Panasonic Electric Works Co., Ltd. [PEW] from 2012). Figures as of April for each year are shown.
- *⁸ Positions of responsibility (including coordinators and councilors) at Panasonic Corporation and its key domestic affiliates are included in totals (excluding SANYO, and including the former PEW from 2012). Figures as of April for each year are shown.
- *⁹ Panasonic Corporation and its domestic consolidated subsidiaries are included in totals (excluding Pana-Home Corporation, but including former PEW and SANYO from 2012). Figures (January-December) for each year are shown. Results for 2014 are not listed since these have not yet been tabulated as of the editing of the 2014 annual report. "Electric, machinery and equipment manufacturing industry average" figures were from the website of the Ministry of Health, Labour and Welfare, Japan.
- *¹⁰ Panasonic Corporation and its major domestic Group companies are included in totals. Figures as of June for each year are shown. Results as of June 2014 are not listed since these have not yet been tabulated as of the editing of the 2014 annual report.
- *¹¹ Corporate citizenship activities expenditure includes Panasonic's efforts to develop the next generation through such initiatives as the Kids School, to help resolve social issues in emerging and developing countries by supporting a variety of projects including the 100 Thousand Solar Lantern Project, and to protect the environment.

About Panasonic

Moving Beyond Consumer Electronics to Expand Into Wide-Ranging Areas of the BtoB Businesses

Panasonic is pursuing "a Better Life, a Better World" for its customers while carrying forward the Company's core DNA of consumer electronics. The scope of the Company's activities has expanded into such wide-ranging areas as the BtoB business including the housing, automotive, BtoB solutions, and devices fields. Today, more than 70% of Panasonic's total net sales are derived from areas outside consumer electronics (fiscal 2014 results). Looking ahead, the Company will target ¥10 trillion in sales in fiscal 2019 as well as sales growth with profitability in each business area.

Fiscal 2014 (Results)	¥1.8 trillion	¥1.4 trillion	¥1.2 trillion	¥1.8 trillion	¥1.4 trillion	Net sales ¥7.7 trillion
	Consumer Electronics	Housing	Automotive	BtoB Solutions	Devices	
Fiscal 2019 (Forecasts)	¥2.0 trillion	¥2.0 trillion	¥2.0 trillion	¥2.5 trillion	¥1.5 trillion	Net sales around ¥10 trillion

Business Areas

Consumer Electronics



 TVs
  Refrigerators

 Air-conditioners
  Personal-care products

Topics


Promoting Local Development and Local Production in Asia in Order to Meet Robust Demand



Panasonic commenced local production in India in 2012 and Vietnam in 2013 in order to meet robust washing machine demand throughout Asia. In addition to setting up an R&D Center, the Company has positioned Vietnam as a core refrigerator and washing machine base for the ASEAN region. Accordingly, Panasonic is working diligently to foster R&D personnel while developing products that are deeply rooted in the local community.





Grand opening ceremony of the washing machine plant and R&D Center in Vietnam

Housing



 HEMS^{*1}-compatible residential distribution panelboards
  Solar photovoltaic systems

 Home LED lighting equipment
  Modular kitchen systems for home remodeling use

Promoting Automatic Control of Consumer Electronics and Effortless Energy Saving through the Use of "SMARTHEMS^{®*2}"

Panasonic's "SMARTHEMS" helps to automatically control consumer electronics and housing equipment by using "AISEG^{®*2}" which serves as the core device of a home energy management system. In addition, these systems serve to visualize the current status of energy consumption as well as the amount of power generation by solar photovoltaic system while supporting the promotion of energy-efficient lifestyles.



(Left) HEMS monitor (Right) "AISEG"

^{*1} Home Energy Management System. HEMS is an energy management support system for the home that ensures the automatic optimal operation of consumer electronics and electric devices and real-time display of information including energy consumption, using IT technology.
^{*2} "SMARTHEMS" and "AISEG" are registered trademarks of Panasonic.

Business Areas

Automotive



Car navigation systems



On board chargers



Display-audio systems



EV/HEV battery systems

BtoB Solutions



In-flight entertainment systems



Security systems



Notebook PCs



Store solutions

Devices



Lithium ion batteries



Heat sinking sheets (Pyrolytic Graphite Sheets)



GaN (gallium nitride) devices



Conductive capacitors

Topics

A Front Information Display that Displays Navigation Information in Plain View

Panasonic brought to the market its CY-DF-100D Front Information Display that enables users to quickly confirm important navigation details with minimum eye movement. Focusing on comfort and reliability, this product helps to bolster the Company's new car lifestyle proposals to the consumer car navigation market in Japan.



CY-DF100D Front Information Display

Supporting Customer Management through "Number Catch," a Vehicle Number Recognition System

The Company delivered a vehicle number recognition system to major automobile dealers. This system utilizes a security camera installed at the entrance of each dealership to capture the number plates of customer vehicles. Data is then linked to a customer management system with pertinent customer information displayed on a designated monitor. Through this system, dealers are able to view details of each customer's prior visits, safety inspections, vehicle maintenance and other important information on a real-time basis.



Vehicle number recognition systems delivered to an automobile dealer

Commencing the Delivery of Storage Systems that Support Communications Infrastructure in Emerging Countries

The cylinder-type lithium ion batteries, "18650", frequently used in notebook PCs are expanding into storage applications at an increasingly rapid pace. The delivery of storage systems for backup use at mobile phone base stations has already begun in India. These steps are helping to build communications infrastructures in emerging countries that continue to face energy-related issues.



(Left) Storage battery module
(Right) Battery cell

[Highlights](#)[About Panasonic](#)[Top Message](#)[Management
Topics](#)[Message
from the CFO](#)[Business Overview](#)[Corporate
Governance](#)[Financial and
Corporate Information](#)[▶ To Our Stakeholders](#) [▷ President's Message](#) [Performance in FY2014 / Progress with Mid-Term Management Plan / FY2015 Initiatives](#)

To Our Stakeholders



The Panasonic Group adopted a Business Division and Divisional Company framework in fiscal 2014. At the same time, we embarked on efforts to achieve our ["Cross-Value Innovation 2015" \(CV2015\) mid-term management plan](#).

Under the plan, we are promoting four major measures: (1) eliminating unprofitable businesses, (2) improving the Company's financial position, (3) expanding business and improving efficiency by shifting from an in-house approach, and (4) enhancing our growth strategy from our customers' viewpoint. Moreover, we are working beyond existing frameworks and combining various and unique strengths within the Group in order to become an entity that is capable of creating more value for customers.

In fiscal 2015, we will endeavor to complete our business restructuring and strengthen profitability in each Business Division. At the same time, we will plan ahead for the next step to growth. As we strive to achieve our mid-term management plan, we will strengthen our strategic efforts.

We kindly ask for the continued support and understanding of all stakeholders.

July 2014

Shusaku Nagae
Chairman (Left)

Kazuhiro Tsuga
President (Right)

President's Message



Kazuhiro Tsuga
President

Report on Performance in FY2014, Progress with Mid-Term Management Plan, and Initiatives in FY2015

Performance in FY2014 (The Year ended March 31, 2014)

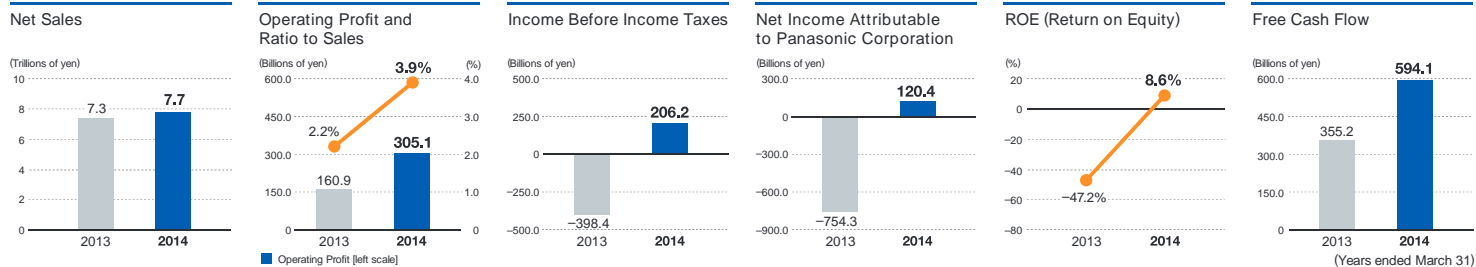
Significantly Increased Operating Profit

During fiscal 2014, the global economy continued its modest overall recovery, despite some economic slowdown in emerging countries, including India. There were signs of a pickup in Europe, a continuing stock market recovery and robust consumer spending in the U.S., and a further stock market recovery, yen depreciation, and a surge in demand ahead of a consumption tax hike in Japan.

Under such business circumstances, consolidated Group sales for fiscal 2014 increased 6% to 7,736.5 billion yen. Yen depreciation contributed to sales increase.

Sales in the housing-related business were increased by capturing demand ahead of the consumption tax hike in Japan, and automotive-related business sales grew against a backdrop of a global market recovery. In contrast, digital consumer-related business sales decreased due to focusing on profitability rather than sales volume.

Operating profit improved by 90% year on year, to 305.1 billion yen. This significant increase was mainly due to improving unprofitable businesses, implementing corporate-wide fixed cost reductions, and the streamlining of material costs. In other income (deductions), business restructuring expenses of 207.4 billion yen were incurred, including impairment losses of fixed assets. A one-off gain of 79.8 billion yen from a pension scheme change and a gain of 78.7 billion yen from transferring the healthcare business were also recorded. Accordingly, both pre-tax income and net income attributable to Panasonic Corporation turned profitable.



Pre-tax income improved significantly to 206.2 billion yen from a loss of 398.4 billion yen, and net income attributable to Panasonic Corporation improved to 120.4 billion yen from a loss of 754.3 billion yen, respectively. Return on equity (ROE) was thus a positive 8.6%, compared with a negative 47.2% in the previous fiscal year.

Free cash flow amounted to 594.1 billion yen, an increase of 238.9 billion yen from a year ago and greatly exceeding the "more than 200.0 billion yen" target announced at the start of fiscal 2014, due primarily to Group-wide efforts to generate cash.

Resumption of Dividend Payments

Since its establishment, the Panasonic Group has managed its business under the concept that returning profits to shareholders is one of the most important policies. Under this basic concept, the Panasonic Group continues to distribute profits to shareholders from the perspective of the return on the capital investment made by them. The basis for

the distribution of profits is, in principle, the consolidated business performance of the Panasonic Group, which aims for stable and continuous growth in dividends as well as a dividend payout ratio of between 30% and 40% with respect to consolidated net income attributable to Panasonic Corporation.

Due to the steady improvement in its business results and financial position in fiscal 2014, the Company resumed dividend payments with an annual cash dividend of 13 yen per share, comprising an interim dividend of 5 yen and a year-end dividend of 8 yen.

Changes in Segments

On April 1, 2014, Panasonic changed its business results and financial position in segment breakdown. Business transfers associated with the reorganization of the Appliances Company and other factors have been reflected as appropriate.

Please refer to [pages 35–36 "Overview of Business Divisions"](#) for details.

Changes in Segments

Business transfers associated with reorganization of the Appliances Company



Progress with Mid-Term Management Plan

Cross-Value Innovation 2015

Fiscal 2014 Achievements and Current Issues

The first year of the "Cross-Value Innovation 2015" (CV2015) mid-term management plan, fiscal 2014 had as its financial targets operating profit of more than 250.0 billion yen, net income attributable to Panasonic Corporation of more than 50.0 billion yen, and the resumption of dividend payments. We achieved all these targets.

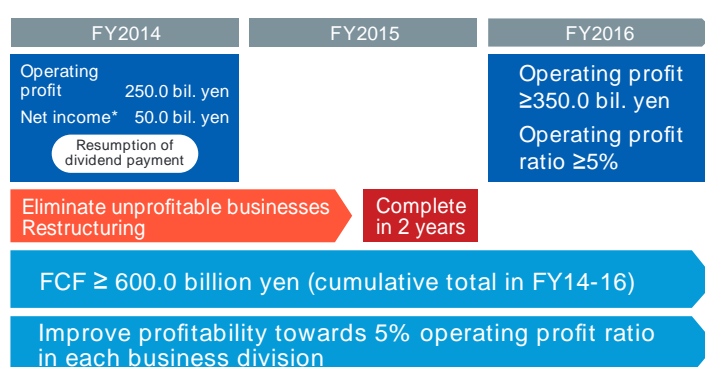
Of the four major measures, we had the definite prospect arise in the first fiscal year of achieving the following: (1) eliminating unprofitable businesses, (2) improving the Company's financial position, and (3) expanding business and improving efficiency by shifting from an in-house approach.

Progress of Four Major Measures

1. Eliminate Unprofitable Businesses

We outlined major decisions and directions on five major challenging businesses, including TV set/panels, assessing their future, shifting into new business areas, reducing assets, and reorganizing facilities. We also worked on the air conditioner and DSC businesses,

Mid-Term Management Plan Roadmap



* Net income attributable to Panasonic Corporation

which had been positioned as a challenging business, to return them to the black. However, a total operating loss of approximately 100.0 billion yen remained in fiscal 2014. Looking ahead, the Company will take every measure to eliminate these unprofitable businesses and complete restructuring.

2. Improve Financial Position

Having made recovery in its business and having worked to generate cash as a whole, Panasonic's net cash position was -47.6 billion yen. This was a major improvement and exceeded the mid-term management plan target of -220.0 billion yen.

Also, the shareholders' equity ratio greatly increased, from 23.4% in the previous fiscal year to 29.7%.

For more details, please refer to ["Message from the CEO" on page 17](#).

3. Expand Business and Improve Efficiency by Shifting from an In-house Approach

Among the five challenging businesses, we drastically restructured our semiconductor business. As a part of the restructuring, three plants in Hokuriku region, Japan, were transferred to form a joint venture with TowerJazz, an Israeli company, and three plants in Asia were transferred to UTAC Manufacturing Services Ltd., a Singaporean company, to promote fabless production.

Semiconductors are extremely important devices in the expansion of our business in the automotive and industrial fields. Based on the shift from an in-house approach, we will collaborate with our partners and strengthen our competitiveness.

For more details, please refer to [Management Topics, "Enhancing the Competitiveness of the Semiconductor Business" on page 15](#).

4. Growth Strategy from Customers' Viewpoint

We are gradually beginning to see tangible results from, for example, the experimental next-generation convenience store, a collaborative project with Lawson Inc., and the smart town business, Fujisawa sustainable smart town (SST). In addition to the introduction of environment-conscious equipment and systems as well as digital signage devices, we are working on the creation of advanced solutions by analyzing purchase behavior at the experimental next-generation convenience store.

In the years to come, we will constantly create new value, working with our partners in various industries.

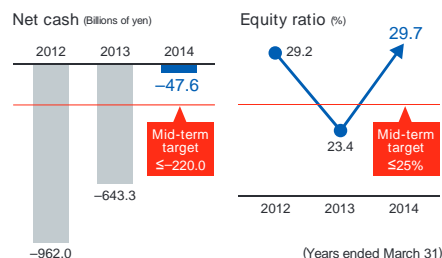


Eliminate Major Unprofitable Businesses

TVset/panel	Exit PDP, move into new areas in LCD, reform distribution in US and China
Semiconductor	Transform Business Division into separate company, reorganize operating sites in Japan and overseas
Printed circuit board	Exit ALIVH business
Optical device	Consolidate optical pickups and drives businesses
Mobile phone	Suspend BtoC smartphone development
Air-Conditioner	Continue promoting efforts to rebuild business in China and strengthen the business structure for large-scale products
DSC	Consolidate with camcorder business and move into new areas



Have set direction to take Complete restructuring in FY2015

Improve Financial Position



Significantly improve with favorable progress

From Customers' Viewpoint

Store solutions business	Smart town business
Experimental store collaborating with Lawson Inc. opened in February 2014	Fujisawa SST opened in April 2014
	

Offer new value working with partners

Fiscal 2015 Initiatives (The Year ending March 31, 2015)

Positioning of and Financial Targets for Fiscal 2015

As the second year of CV2015, a number of initiatives will be advanced in fiscal 2015. Fiscal 2015 is positioned as a year for making steady progress to achieve the mid-term management plan and for developing a strategy in preparation for the "New Panasonic" of 2018.

Continuing on the path toward achievement of CV2015, the financial targets for fiscal 2015 are sales of 7,750.0 billion yen and operating profit of 310.0 billion yen, which we must achieve at all costs.

Make Steady Progress to Achieve CV2015

To achieve CV2015, we will thoroughly conduct Business Division-based management and, while completing business restructuring, accelerate transformation so that each Business Division (BD) achieves an operating profit margin of more than 5%.

We have taken every step to complete all appropriate measures aimed at addressing major business schedules ahead of schedule as a part of business restructuring efforts. In fiscal 2015, we will carry out restructuring to build a stronger business platform for the future and aim to complete the restructuring within two years as planned.

With regard to the BD systems introduced as the foundation of management at 49 BDs in fiscal 2014, we thoroughly develop competitive BDs and integrate or eliminate those that are unable

to draw future growth, resulting in the Company starting fiscal 2015 with 43 BDs. By continuing to change and evolve through initiatives that shift them into new business areas, all BDs will make ongoing contributions to their customers and enhance profitability.

Developing Our Growth Strategy toward the "New Panasonic" of 2018

In terms of our growth strategy leading through to 2018, we will pursue "A Better Life, A Better World" for our customers while carrying forward the Company's

core "DNA of consumer electronics." Towards our future, we will consider how and where to best invest our management resources and to implement an appropriate investment plan.

We expect to record sales of approximately 10 trillion yen in fiscal 2019: 2 trillion yen in each of the consumer electronics, housing, and automotive business areas; 2.5 trillion yen in the BtoB solutions business; and 1.5 trillion yen in the devices business area. Including unconventional measures, we are aiming to achieve sales growth with profitability in each of these five business areas.

FY2015 Financial Targets

(Billions of yen)	FY2014 Result	FY2015 Target
Sales	7,736.5	7,750.0
Operating profit (%)	305.1 (3.9%)	310.0 (4.0%)

FY2016

en %

Continuing on a Path toward Achieving CV2015

What Panasonic aims to offer A Better Life, A Better World



Consumer Electronics Business

We integrated our consumer electronics business under Appliances Company and AVC Networks Company.

By doing so, we combined each Divisional Company's strengths, including the Appliances Company's capabilities in adapting products appropriate for global customer lifestyles and the AVC Networks Company's global development capabilities and digital technologies. By integrating each advantage, we are working to create a new and more competitive consumer electronics business.

Housing Business

In Japan, we will expand into the housing improvement market, where growth is expected. In addition to renovating our

showrooms in Japan to make them more compatible with the housing improvement market and targeting the gaining of new customers, we will strengthen our direct marketing to clients through PanaHome Reform Corporation, which we established in fiscal 2014.

Overseas, we will leverage sales channels gained from the purchase of VIKO Elektrik, a Turkish manufacturer of electrical materials, and expand business in Turkey, CIS, and Middle East.

For more details, please refer to [Management Topics, "Panasonic Purchases Turkish Wiring Device Maker with Strengths in the Middle East and CIS" on page 16.](#)

Automotive Business

The number of orders received for batteries for automotive use is increasing, not only

for the cylindrical lithium-ion battery cells for a U.S. electric automobile maker, but also for angle-type lithium-ion batteries. Both are highly regarded by customers. We will make investments so that opportunities are not missed and expand the business in an enterprising manner.

In the infotainment field, we set our products apart from those of other companies with head-up displays and cockpit systems that draw on the advanced digital AV/IT technologies.

For more details, please refer to [Management Topics, "Panasonic and Tesla Motors Conclude an Agreement to Expand Supply of Automotive-Grade Battery Cells" on page 16.](#)

BtoB Solutions Business

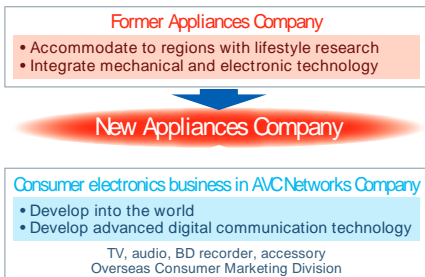
Focusing on industries and customers

where huge growth can be expected, we will generate business that directly accesses customers with a manufacturing and sales package, like Avionics. We will also generate businesses that provide optimal solutions through the establishment of an engineering company and putting together every possible combination of products by region and customers.

Devices Business

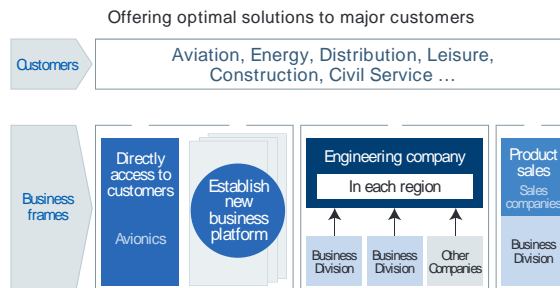
Based on the solution proposal capabilities we have accumulated in broad business areas, we will take advantage of our core technologies—centered on energy devices—and expand business by mainly capturing the industrial market, where downsizing, integration, modularization, and systemization are essential.

Integrate Consumer Business



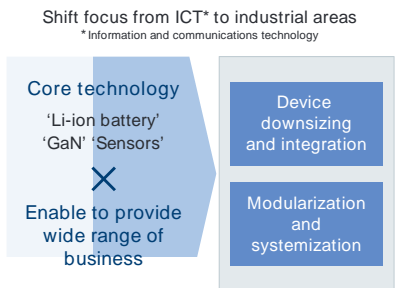
Integrate advantages for new consumer electronics business

Direction of BtoB Solutions Business



Focus on industry
Strengthen engineering technology

Develop into an Industrial Market (excluding automotive applications)



Expand industrial sales with core of energy device

Clarification of Growth Areas, Concentration of Management Resources

With a view to achieving a sales scale of around 10 trillion yen in fiscal 2019, we are drastically changing our business management, whereby a regional viewpoint that brings customers closer is added to the conventional style of management centered on a business viewpoint. Specifically, we are working across three regions—Japan; the Americas/EU, including Central and South America; and Strategic Regions, including Asia, China, the Middle East, and Africa—to the five business areas. We will formulate a growth strategy that clarifies the regions in which we will concentrate management resources.

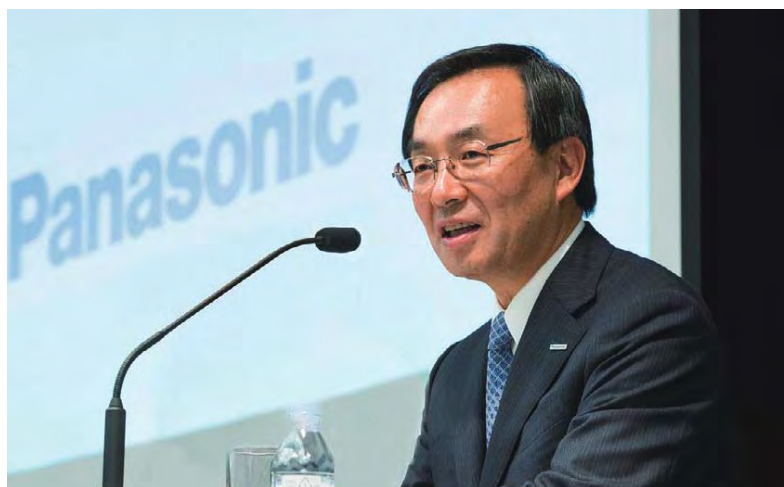
With regard to the markets in the Strategic Regions, where growth potential is particularly high, we set up a Strategic Regions Business Promotion Division on

April 1, 2014, and will be working on market growth with the concept of “stop being dependent of Japan.”

We appointed Executive Vice President Yoshihiko Yamada as Director, Strategic Regions Business Promotion Division and stationed him in Delhi, India, where he has been granted full authority. This is the first time Panasonic has stationed a representative director abroad. If we are unable to address growth in Strategic Regions, Panasonic has no success. I feel strongly that we should realize growth in these regions, whatever the cost.

In fiscal 2015, we will pave the way toward the achievement of CV2015, develop our growth strategy toward the “New Panasonic” of 2018, and intensify our efforts in the Panasonic Group as a whole.

In grateful anticipation of your ongoing support and understanding in the years to come.



Formulating Growth Strategies in 5 Business Areas × 3 Global Regions

	Japan	Americas/EU	Strategic Regions
Consumer Electronics			○
Housing	○		○
Automotive	○	○	
BtoB Solutions	○	○	○
Devices			

○: Regions and business areas where a shift in emphasis of management resources is needed

Management Topics

1. Eliminating Unprofitable Businesses while Expanding Business and Improving Efficiency by Shifting from an In-house Approach

Eliminating Unprofitable Businesses

Enhancing the Competitiveness of the Semiconductor Business

Buffeted by intensifying market competition and a changing operating environment, the Company has pursued a shift from audio-visual to automotive and industrial markets in semiconductor business.

We will actively strengthen our competitiveness, shifting from an in-house approach and collaborating with our partners.

Plasma Display Panel Business Ended

Panasonic ended the production of plasma display panels (PDPs) in December 2013 and ceased overall PDP business operations on March 31, 2014. In spite of efforts to improve earnings primarily by consolidating production functions and shifting towards non-TV applications, the Company's decision to cease operations reflected business continuity-related difficulties caused mainly by declining PDP demand.

Please refer to the following for details:
[PDF Regarding the End of Production of Plasma Display Panels](#)

Development of Smartphone Products for BtoC Carriers in Japan Suspended

Panasonic has suspended the development of new smartphone products for BtoC carriers in Japan. This move is intended to reallocate operating resources to new business areas and areas of growth.

Panasonic has also strategically reallocated its abundant mobile communication technology and other ICT operating resources to growth areas, namely the BtoB smartphone market.

Please refer to the following for details:
[PDF Panasonic to Reallocate Operating Resources of Mobile Phone Business](#)

Contraction of Printed Circuit Board Business

Among its printed circuit board business operations, Panasonic has decided to discontinue the ALIVH*1 and ISB*2 business. Despite studying various measures, including structural reforms to cope with intensifying competition, the Company determined that continuing these businesses would be difficult.

*1 ALIVH: Any Layer Interstitial Via Hole. Resin-based multi-layer board of IVH (Interstitial Via Hole) structure that Panasonic developed and commercialized.

*2 ISB: Integrated System in Board. Thin and high-density interposer mainly for semiconductor package with fine pattern shape that SANYO developed and commercialized.

Please refer to the following for details:
[PDF Panasonic Announces Contraction of the Printed Circuit Board Business](#)

Aiming for Further Growth Together with New Partners

Aiming for Growth in the Medical Device Business

The medical device business conducted by Panasonic Healthcare Co., Ltd. (PHC) is steadily generating higher earnings, and the market for these devices promises growth going forward. Accordingly, with an eye to further growth, Panasonic has injected additional managerial resources and abundant knowhow in the medical field from external sources. Specifically, Panasonic has transferred all PHC shares and related assets to investment funds advised by Kohlberg Kravis Roberts & Co. L.P. (in actuality, Panasonic owns 20% of PHC shares).

While PHC ceased to be a Panasonic consolidated subsidiary and became a Panasonic associated company under the equity method effective March 31, 2014 following the share transfer, this will enable Panasonic and PHC to maintain a win-win cooperative framework to achieve growth in the medical device field.

Please refer to the following for details:
[PDF Conclusion of Share Transfer Agreement and Shareholders Agreement for Transfer of Shares in Panasonic Healthcare Co., Ltd.](#)

Major Initiatives Aimed at Restructuring the Semiconductor Business

April 1, 2014 Joint Venture Formed from the Three Semiconductor Business Plants in Japan and the Semiconductor Foundry Company	Three semiconductor front-end process plants in the Hokuriku region, Japan have been transferred to a new company established by Panasonic. Receiving financing from Israeli semiconductor foundry company, Tower Semiconductor Ltd. ("TJ," brand name: TowerJazz), the new company has become a joint venture between Panasonic (ownership: 49%) and TJ (51%) that aims to leverage TJ's customers and businesses to capture sales outside the Panasonic Group.
June 1, 2014 Transformation of the Business Division to a Separate Company to Pursue Innovations for the Solution Business	Panasonic transferred the semiconductor and other related products development, manufacturing and sales business undertaken by Panasonic's Semiconductor Business Division to the newly established Panasonic Semiconductor Solutions Co., Ltd. In addition, Panasonic Semiconductor Solutions Co., Ltd. merged with the Company's two wholly owned semiconductor-related subsidiaries.
June 2, 2014 Transfer of the Three Southeast Asian Assembly Plants to a Manufacturer Specializing in Semiconductor Assembly	Panasonic transferred three post-processing factories, which operate semiconductor assembly lines in Singapore, Indonesia and Malaysia, to UTAC Manufacturing Services Ltd., a wholly owned subsidiary of UTAC Holdings Ltd., a manufacturer specializing in semiconductor assembly in Singapore. Looking ahead, Panasonic will take advantage of UTAC's scale merit to enhance its competitiveness.

Please refer to the following for details:
[PDF Panasonic Announces Formation of the Joint Venture of Diffusion Plants of the Semiconductor Business in Hokuriku Region, Japan](#)
[PDF Panasonic Announces Reorganization of Semiconductor Business and Transfer of Shares of Subsidiaries regarding Overseas Factories](#)

Management Topics

2. Strategic Structures and Preparations for Further Growth

Initiatives in the Residential Field

Panasonic Purchased Turkish Wiring Device Maker with Strengths in the Middle East and CIS

On February 28, 2014, Panasonic acquired 90% of issued shares of Turkish wiring device maker Viko Elektrik ve Elektronik Endüstrisi Sanayi ve Ticaret Anonim şirketi (Viko).

Panasonic is combining its strengths in

Asia with Viko's unique advantages not only in Turkey, but also in the Middle East and CIS with an eye to becoming the global No. 1 wiring device company. Leveraging Viko's sales channels and strong brand awareness, Panasonic aims to expand its housing-related businesses including lighting devices and fans worldwide.

Please refer to the following for details:

[PDF Panasonic Signs Share Purchase Agreement for Turkish Wiring Device Maker Viko](#)

Buyout of Top Turkish Wiring Instrument Company, VIKO



Initiatives in the Automotive Field

Panasonic and Tesla Motors Conclude an Agreement to Expand Supply of Automotive-Grade Battery Cells

On October 30, 2013, Panasonic and Tesla Motors (Tesla) concluded an agreement to expand the supply of electric vehicle battery cells. This agreement involves supplying approximately two billion lithium-ion battery cells between 2014 and 2017.

The agreement builds on a multi-year collaboration between Panasonic and Tesla to jointly develop electric vehicle battery cells and accelerate the expansion of the electric vehicle market. In addition to the Sedan Model S (available for sale), Panasonic battery cells supplied to Tesla will be installed in a performance utility vehicle, Model X, planned to begin mass production by the end of 2014.

In this instance, Panasonic's cylindrical lithium-ion battery cells which have been designed to optimize electric vehicle quality and life. Tesla has in turn integrated these cells into a battery pack that has enabled an industry-leading cruising distance of 502 km* in its Model S.

Panasonic will increase its lithium-ion battery cell production capacity to fully supply Tesla as it expands its production of electric vehicles.

Panasonic's in-vehicle cells are attracting high praise from automobile manufacturers other than Tesla. As a result, the Company is witnessing a steady increase in orders.

In response to this increase, Panasonic is undertaking opportunity-seizing investments while working to expand its business.

* Cruising range promoted by the New European Driving Cycle (NEDC)

Please refer to the following for details:

[PDF Panasonic and Tesla Reach Agreement to Expand Supply of Automotive-Grade Battery Cells](#)



Tesla Motors' Model S



Cylindrical lithium-ion battery cells supplied by Panasonic

Message from the CFO

Building a Robust Financial Position to Ensure Sustainable Growth



Hideaki Kawai
Senior Managing Director
In charge of Accounting and Finance

"We will build a robust financial position to support steadfast business growth."

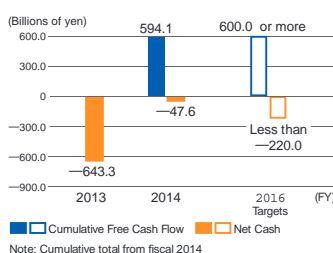
Accounting and finance plays an important role in supporting the business activities of the Company as a whole. While focusing on cash flow management, we work to build and maintain the robust financial position necessary to ensure sustainable growth.

Plagued by an inability to recoup investments as planned, the Company was placed in an extremely difficult position, with net cash, cash and deposits less interest-bearing liabilities, deteriorating to negative 1,087.7 billion yen at the end of the second quarter of fiscal 2013. Fixing this

situation, Panasonic put in place a three-year midterm management plan from fiscal 2014. In addition to eliminating unprofitable businesses, the Company identified improving its financial position and engaging in cash flow-oriented management as key elements under the plan. With the introduction of a business division system in April 2013, each business division has responsibility for its own balance sheet and a mechanism put in place to ensure that the continuous increases in cash are fulfilled. Moreover, the investment plans of each business division are screened in advance by the Corporate Strategy Division, which ensures that business divisions recoup investments, by taking thoroughgoing steps to properly verify various risk scenarios.

These endeavors are designed to enhance the Company's value by ensuring that it maintains a positive net cash position and improving its equity ratio and ROE.

Cumulative Free Cash Flow* / Net Cash



"We are making steady progress toward achieving our midterm financial targets."

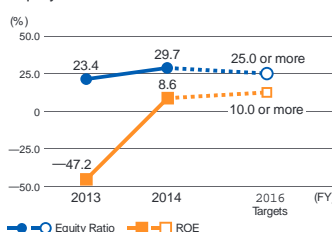
Panasonic has identified several goals in its bid to improve its financial position by fiscal 2016. As a part of efforts to strengthen its financial stability, the Company has been working to generate a three-year cumulative free cash flow of 600.0 billion yen or more (net cash of less than negative 220.0 billion yen) while securing an equity ratio of 25% or more. From the perspective of improving capital efficiency, we will look to achieve an ROE of 10% or more.

In fiscal 2014, the Company continued to work on the cash flow management implementation project as a part of efforts to procure funds. In specific terms, each business division worked diligently to reduce trade receivables and inventories. In addition to accelerating the cash conversion cycle,

energies were channeled toward creating additional cash by consolidating and eliminating unprofitable businesses and selling off shares as well as land and other assets held.

As a result of these endeavors, Panasonic was successful in substantially improving its financial position. In fiscal 2014, free cash flow totaled 594.1 billion yen while net cash was negative 47.6 billion yen. This was an improvement of 595.7 billion yen compared with the end of fiscal 2013. In addition, the equity ratio rose considerably to 29.7% allowing us to achieve our targets in advance. Buoyed by robust earnings in the housing and automotive-related businesses, successful efforts to improve operations at unprofitable businesses and to reduce fixed costs, as well as other factors, we are also well on our way to achieving our ROE target, which came in at 8.6% in fiscal 2014. In fiscal 2015, we will continue to strengthen financial stability by promoting the generation of cash from business activities and work earnestly to improve capital efficiency.

Equity Ratio / ROE



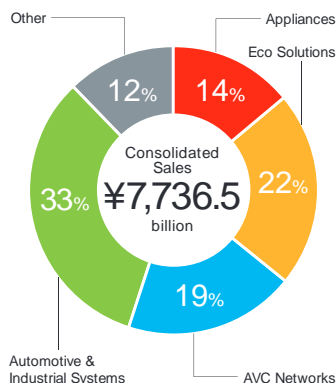
Ratings as of July 9, 2014

Ratings agency	Long-term (outlook)	Short-term
Rating and Investment Information	A- (positive ¹⁾)	a-1
Standard & Poor's	BBB (positive ²⁾)	A-2
Moody's	Baa2 (positive ³⁾)	—

1. Revised from "stable" to "positive" on May 8, 2014
2. Revised from "stable" to "positive" on October 2, 2013
3. Revised from "stable" to "positive" on July 9, 2014

Business at a Glance

Percentage of Fiscal 2014 Sales



Notes:

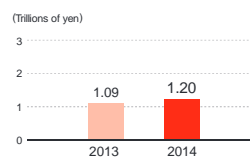
1. Sales composition for each segment includes intersegment transactions.
2. The Company restructured its Group organization on April 1, 2013, resulting in the number of reportable segments from eight to five. Accordingly, segment information for fiscal 2013 have been reclassified to conform to the presentation for fiscal 2014.

Segments/Main Products and Services (As of March 31, 2014)

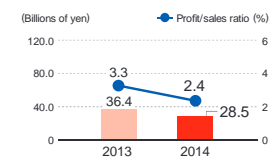
Appliances

Air-conditioners, refrigerators, washing machines, personal-care products, electric motors, microwave ovens, compressors, showcases, large-sized air conditioners, vacuum cleaners, rice cookers, fuel cells, etc.

Sales (Years ended March 31)

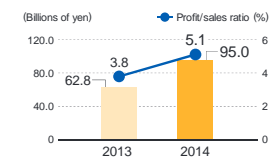
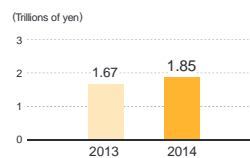


Segment Profit (Years ended March 31)



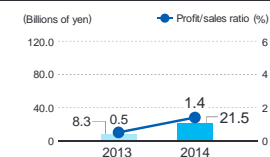
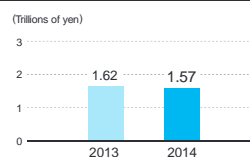
Eco Solutions

Lighting fixtures and electric lamps (including LED lighting), solar photovoltaic systems, wiring devices, interior furnishing materials, water-related products, ventilation and air-conditioning equipment, air purifiers, etc.



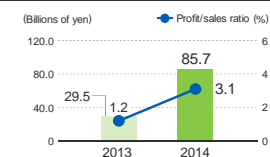
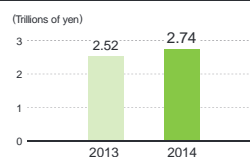
AVC Networks

LCD TVs, aircraft in-flight entertainment systems, PCs, digital cameras, projectors, home audio equipment, video equipment, mobile phones, surveillance cameras, IP-related equipment, social infrastructure systems equipment, etc.



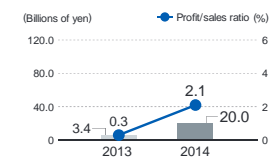
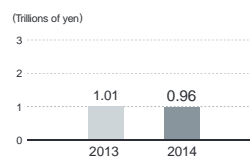
Automotive & Industrial Systems

Car-use-multimedia-related equipment, electrical components, lithium-ion batteries, storage batteries, dry batteries, electronic components, electronic materials, automation controls, semiconductors, optical devices, electronic-components-mounting machines, welding equipment, bicycles, etc.



Other

Detached housing, rental apartment housing, land and buildings for sale, home remodeling, imported materials and components, etc.



Appliances Company

Click [here](#) for Panasonic IR Day 2014 Appliances Company presentation materials.

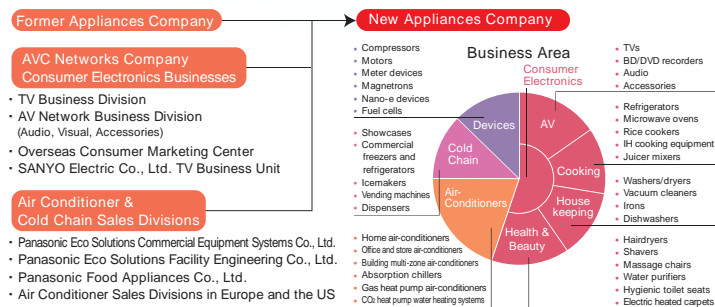
Aiming to Be a Global Top-Class Appliances Company



President Kazunori Takami

Apr. 1978	Joined the Company
Jun. 2002	Director, Matsushita Refrigeration Company
Apr. 2005	In charge of Corporate Marketing Division for National Brand Home Appliances and Corporate Marketing Division for National Brand Wellness Products / Director, Corporate Marketing Division for National Brand Home Appliances
Apr. 2006	Executive Officer of the Company
Apr. 2008	Managing Executive Officer of the Company
Apr. 2009	President, Home Appliances Company (currently Appliances Company) (incumbent), in charge of Lighting Company
Jun. 2009	Managing Director of the Company
Apr. 2012	Senior Managing Director of the Company (incumbent)

New Business Structure in Fiscal 2015



Company Overview

Strengthening Consumer Electronics Business with Integrated Management of White Goods and Audiovisual Equipment

The Appliances (AP) Company provides products and services that leverage advanced core environmental technologies in the business fields of BtoC products, such as air conditioners, refrigerators and washing machines; BtoB facilities, such as cold chains and large-scale air conditioners; and BtoB devices, such as compressors and motors. In April 2014, the AP Company integrated the consumer electronics business in the AVC Networks Company to consolidate its strengths in white goods and audiovisual equipment. In addition, the AP Company integrated the sales divisions under the Eco Solutions Company in order to establish a unified production and sales structure in the air conditioner and cold chain businesses.

Aiming to be a global top-class appliances company, the AP Company aims to contribute to more abundant lifestyles and the realization of low-carbon societies around the world.

Fiscal 2014 (Year ended March 31, 2014) Financial Results

Operating Profit Declined, but Free Cash Flow Improved

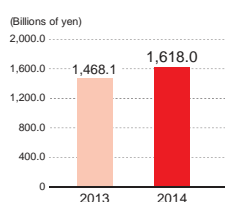
Net sales amounted to 1,618.0 billion yen^{*1} with stronger sales in Japan from a surge in demand prior to the consumption tax hike, and higher sales overseas thanks to yen depreciation. Operating profit totaled 48.2 billion yen^{*1} reflecting weaker sales of room air conditioners in China. The ratio of operating profit to sales was 3.0%^{*1}. Free cash flow was 72.6 billion yen^{*2}, a major improvement that resulted from greater selection and concentration in investments.

In order to lay the foundation for expanding our business in Europe, the company entered into a capital tie-up and business alliance with the Gorenje group, a Slovenian home appliance manufacturer, and took steps to build a sales network and augment the product lineup.

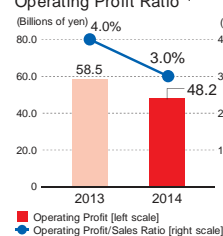
^{*1} Former Appliances Company, consolidated production and sales basis.

^{*2} Former Appliances Company, company basis.

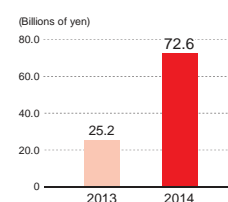
Net Sales^{*1}



Operating Profit^{*1} / Operating Profit Ratio^{*1}



Free Cash Flow^{*2}



^{*1} Former Appliances Company, consolidated production and sales basis. ^{*2} Former Appliances Company, company basis.

Objectives for Fiscal 2019 (Year ending March 31, 2019)

Aiming for Net Sales of 2,800.0 Billion Yen and Operating Profit to Sales Ratio of 5%

The new Appliances Company, following the reorganization in April 2014, aims to be a "global top-class appliances company." Setting a target for net sales of 2,800.0 billion yen* in fiscal 2019, the company is moving toward this goal by managing according to business characteristics; managing integrated development, manufacturing, sales and services; and managing locally self-sustainable businesses overseas. Moreover, the company has created four business segments comprising consumer electronics, air conditioners,

cold chain and devices as management units, and has set forth visions for each of these businesses to become in fiscal 2019.

* New Appliances Company, consolidated production and sales basis.

Roadmap for Profit Growth

To realize profit growth, the company will first invest in building a foundation in the BtoB business while working to lift profits through high-value-added marketing in advanced economies and improvements in earnings for TVs in the consumer electronics business until fiscal 2016.

Then, the company will focus on expanding business in strategic overseas regions (Asia, China, the Middle East and Africa) based on a locally self-sustaining business structure in the consumer

electronics business through fiscal 2019. In the BtoB business, the company aims, to expand business scale by accelerating overseas development based on the established business foundation.

Through these measures, the company aims to achieve an operating profit to sales ratio of 5% as early as possible.

Targets and Initiatives for Fiscal 2015 (Year ending March 31, 2015)

Targets Set for Growth of Over 10.0 Billion Yen in Operating Profit to 52.0 Billion Yen

The company forecasts net sales will edge down slightly to 2,280.0 billion yen in fiscal 2015, reflecting the aftereffects of the consumption tax hike and its withdrawal from the plasma display panel business,

even though it expects stronger sales of LCD TVs and air conditioners in China.

The company estimates that operating profit will increase by at least 10.0 billion yen to 52.0 billion yen for an operating profit to sales ratio of 2.3%, as margins improve in problematic businesses and other businesses are strengthened. Meanwhile, the company expects free cash flow to decline as a result of an increase in capital investment as it goes on the offensive, but still expects to achieve its total free cash flow target over the next two years.

* New Appliances Company, consolidated production and sales basis.

Vision for the Appliances Company

A Global Top-Class Appliances Company

Targeting net sales of 2,800.0 billion yen in fiscal 2019
(consolidated production and sales basis)

Direction of transformation

Management according to business characteristics	Integration of development, manufacturing, sales and services	Locally self-sustainable management
--	---	-------------------------------------

Confront customers and competitors / Improve business speed

Management by four businesses based on business-division based management

Consumer Electronics	Air Conditioners	Cold Chains	Devices
----------------------	------------------	-------------	---------

Vision for Fiscal 2019

Consumer Electronics	Global top three consumer electronics business Group-wide sales of 2,000.0 billion yen, improve brand value by creating new concepts for consumer electronics
Air Conditioners	Change to a global customer-based company specializing in air conditioners Expand overseas equipment channel business and improve profitability
Cold Chains	Transition from product business to solutions business
Devices	Increase weighting of high-margin devices to 20%

Fiscal 2015 Financial Targets (New Appliances Company Basis)

Aim to increase profits to at least 10.0 billion yen on consolidated production and sales basis

		(Billions of yen)	
(Consolidated production and sales basis)	Fiscal 2014 Results	Fiscal 2015 Plan	Year-on-year/difference
Net Sales	2,298.2	2,280.0	99%
Operating Profit (%)	39.7 (1.7%)	52.0 (2.3%)	+12.3

		(Billions of yen)	
(Company basis)	Fiscal 2014 Results	Fiscal 2015 Plan	Year-on-year/difference
Net Sales	1,750.7	1,789.0	102%
Operating Profit (%)	28.2 (1.6%)	35.0 (2.0%)	+6.8

		(Billions of yen)	
	Fiscal 2014 Results	Fiscal 2015 Plan	FY2014-2015 Cumulative Total
Free Cash Flow	77.4	18.5	95.9

Mid-term management plan (CV2015) targets 68.9 billion yen in cumulative free cash flow in FY 2013-2014

Aiming for Locally Self-Sustaining Businesses in Asia

The company plans to establish AP Asia (tentative name) in Asia by April 2015 in a bid to create locally self-sustaining businesses. Plans also call for transferring authority for product planning, marketing and development to the new company from Japan.

The company put together a project team in the second quarter of fiscal 2015 to spearhead this initiative and work through the details.

Focusing on Improving Profitability in TVs and Overseas Sales of White Goods

In the consumer electronics business, the company aims to expand sales of white goods overseas, especially in Asia.

The company is also focusing its efforts on improving profitability in TVs, by reforming the logistics structure, promoting sales of high-value-added products designed with local tastes in mind, and changing its panel procurement strategy, with the aim of returning to profitability in fiscal 2016.

Consolidated Management of Production and Sales in Air Conditioner and Cold Chain Businesses

In the air conditioner business, the company is targeting an increase in operating profit to 11.0 billion yen in fiscal 2015, compared with 0.4 billion yen* in fiscal 2014, by rationalizing materials and rebuilding the business in China with new products designed from the customers' perspective, thereby improving profitability. The company also aims to accelerate growth by developing and launching energy-saving products while

commencing consolidated production and sales management in large-scale air conditioners in Japan, Europe and the U.S.

In the cold chain business, the company will propose useful concepts to convenience stores that combine products from other divisional companies, centered on our CO₂ coolant refrigerated cases and in-store cooking equipment. Moreover, the company aims to build trust and enhance its ability to meet customer needs through consolidated production and sales management that leverages the sales divisions in Japan that were transferred from the Eco Solutions Company to the Appliances Company in April 2014.

In the devices business, the company will concentrate on the development of new devices and shift resources to high-margin business fields.

* New Appliances Company, consolidated production and sales basis.

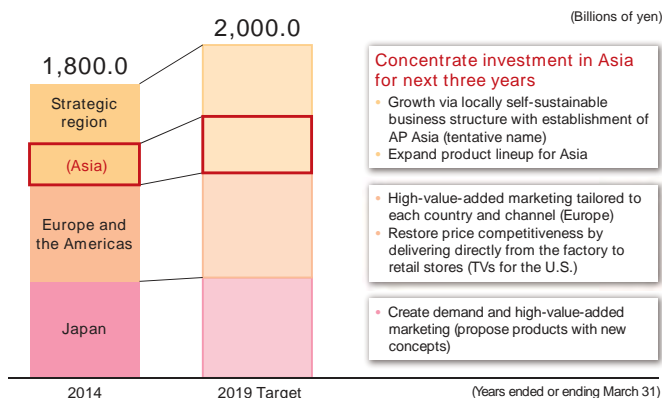
Promoting Products for the Elderly in order to Accelerate the Pace of Growth

In fiscal 2015, the company will also implement measures in order to accelerate the pace of business growth to fiscal 2019. As a part of these endeavors, the company will develop and market products targeting the elderly to meet growing demand focusing mainly on Japan. In addition, the company will concentrate on developing products with an eye three to 10 years into the future while strengthening product development across 14 themes. The company will reinforce its existing emphasis on global lifestyle research, concentrating mainly on Asia, and accelerate the pace of product development that takes into consideration local needs.

Moreover, the company will work to create new businesses.

Targeting Sales of 2,000.0 Billion Yen in Consumer Electronics

In fiscal 2014, net sales were about 1,800.0 billion yen for the Appliances Company in the consumer electronics business. Going forward, the company will shift from product planning that emphasizes functionality to product planning that emphasizes sensations, while marshalling the strengths it built up developing audiovisual products around the world and its ability to tune into local preferences through research into local lifestyles that the company accumulated in white goods. As a regional strategy, the company will concentrate investment in Asia, where markets are likely to expand strongly over the coming three years and where the Appliances Company has high market shares. At the same time, the company aims to broaden its local product lineup and create a locally self-sustaining business structure. In Europe, the company will focus on developing products tailored to country and regional needs. In North America, the company aims to restore price competitiveness with direct factory-to-store shipments. Through these measures, the company aims to improve earnings in Europe and the U.S. In Japan, the company will engage in high-value-added marketing and stimulate demand with new products based on fresh concepts. With these initiatives, the company aims to achieve Group net sales of 2,000.0 billion yen in the consumer electronics business by fiscal 2019.



Concentrate investment in Asia for next three years

- Growth via locally self-sustainable business structure with establishment of AP Asia (tentative name)
- Expand product lineup for Asia

- High-value-added marketing tailored to each country and channel (Europe)
- Restore price competitiveness by delivering directly from the factory to retail stores (TVs for the U.S.)

- Create demand and high-value-added marketing (propose products with new concepts)

Contribute to BtoB by Increasing Brand Value

TOPICS Combined Total of 100.0 Million Washing Machines Produced, Driven by Demand in China and Asia

Leading markets in creating new categories of washing machines

In August 2013, Panasonic celebrated the cumulative production of its 100 millionth washing machine worldwide. The Company began manufacturing agitator-type washing machines in 1951, declaring "a washing machine is an important product that frees housewives from the heavy labor of housework." Thereafter, during the home appliance boom of the 1950s and 1960s in Japan, washing machines were a hit product that rapidly made their way into households as one of the "three holy grails" in homes, alongside black & white TVs and refrigerators. In 1972, cumulative production broke through the 10 million mark, and surpassed 50 million in 1998.

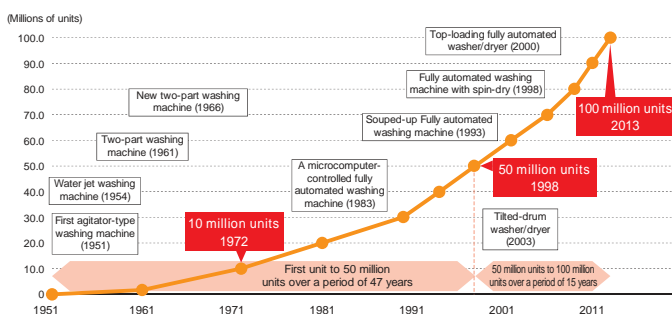
As time advanced, so did washing techniques, from water jets to two-part and fully automated washing machines. In more recent years, Panasonic has been leading markets in the creation of new categories of washing machines, such as the top-loading fully automated washer/dryer with full automation from washing to drying (2000), the tilted-drum washer/dryer (2003), and the tilted-drum washer/dryer with heat pump (2005).

Expanding production volume to meet the demand of each region around the world

Panasonic has developed business overseas for its washing machines. Since commencing overseas production for the first time in Taiwan in 1967, the Company established manufacturing bases in various locations in Southeast Asia from the late 1970s to the 1980s, including the Philippines, Indonesia, Malaysia and Thailand. In 1992, the Company started producing washing machines in China.

Driven by production in China and other Asian countries, cumulative production volume accelerated to a faster pace of growth, increasing from 50 million to 100 million units in 15 years. More than 4.5 million washing machines are currently produced overseas every year. Panasonic has also been starting up production in emerging countries that show growth potential as markets, such as India in 2012 and Vietnam in 2013. The Company aims to grow the business globally by proposing products in tune with regional needs and by developing new technologies.

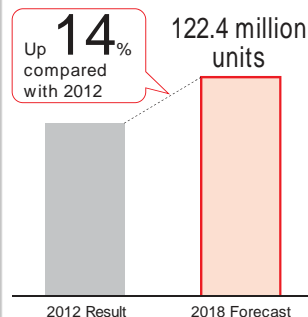
Cumulative production volume of washing machines



Tilted-drum washer/dryers

Market potential

Washing machine and washer/dryer unit sales



Unit sales of washing machines and washer/dryers in the global market are projected to reach 122.4 million units in 2018, up from 106.9 million units in 2012. In particular, sales are expected to increase substantially in China, India, Indonesia and other countries throughout Southeast Asia, where aggregate sales are forecast to rise by more than 10.0 million units.

Source: Global Home Appliance Market 2014 - Comprehensive Survey published by Fuji Keizai Co., Ltd.